





## Recovery in U.S. 'likely to be slow'

By Paul Betts in Hot Springs

THE WORST of the U.S. recession is over, but recovery is expected to be slow with both inflation and unemployment remaining at "uncomfortably high levels" next year.

This is the gloomy conclusion of the latest economic forecast of the Business Council, the association which groups some of the leading executives of the major U.S. corporations and credit institutions.

Mr. Clifton Garvin, chairman of the Exxon oil conglomerate, said at the Business Council's meeting in Hot Springs, Virginia, yesterday that the council's consultants expected U.S. real gross national product to remain essentially flat during the second half of this year, after the second quarter's 91 per cent rate of decline. Real growth next year will average only about 1 1/2 per cent, the report says.

At the same time, Business Council economists forecast consumer price inflation approaching 10 per cent until the end of next year. Although there had been some easing of inflation, they felt the decline in the rate of inflation which normally occurs during initial recovery periods was likely to be blunted because of sluggish growth in output in the second half of this year and throughout 1981.

Moreover, the summer months had further worsened the outlook for food prices.

Mr. Garvin emphasised that these forecasts did not take into account the possible consequences of the Iran-Iraq conflict. He indicated that damage to refinery facilities in the two countries—especially in Iraq—were probably much greater than reported so far.

It would take at least a year to repair the facilities to restore the \$m to \$m barrels a day of oil which had been lost to the world market as a consequence of the war, he said.

On U.S. monetary policy, the Business Council report said the main area of concern and controversy remained to what extent the U.S. Federal Reserve would or should let U.S. interest rates move up. In general, the Business Council agreed that rates were already too high in the context of an underlying weak economy.

But Mr. Walter Wriston, chairman of Citibank, the largest New York bank, which lifted its prime rate to 14 per cent, half a point above other major banks, claimed that the Fed monetary policy was now back on the right track.

However, Citibank yesterday chose to keep its rate at 14 per cent, despite being out of line with the 13.5 per cent generally prevailing.

## Britain to boost military strength in Hong Kong

By Michael Donne, Defence Correspondent

BRITAIN is to strengthen the military garrison in Hong Kong during the next seven years under a joint defence agreement.

The agreement, reached between Mr. Barrie Hayhoe, Parliamentary Under-Secretary of State for the Army, and Sir Murray Maclellan, Governor of Hong Kong, provides for Hong Kong to bear a larger proportion of the cost of the garrison. This could amount to about 75 per cent, or about £120m for Hong Kong during 1981-82, and corresponding sums during the following years. The UK's share would be about £40m a year.

The pact re-affirms the UK's commitment to the integrity and security of Hong Kong. A permanent garrison will be stationed there, enlarged by one infantry battalion and some smaller units.

The East German move strikes at West Germany's raw nerve, the myriad ties between Germans in East and West which have been restored since the 1971 four-power Berlin Agreement and the intra-German accords.

The presence in East Germany of large numbers of Westerners may have been intolerable for the security-minded East German leadership at a time when it is deeply worried that political developments might spill over from neighbouring Poland.

Starting on Monday, a West

## Carter unleashes a factual barrage

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SEEKING TO regain the political initiative and to elevate the quality of the presidential campaign, President Carter has unleashed a battery of Government officials with attacks on Mr. Ronald Reagan's policy pronouncements.

The intention is to focus public attention again on what a Reagan presidency might be like in real terms, rather than have the electorate distracted by the vituperative and personal exchanges between the candidates.

Thus, within 24 hours, the Secretary of Defence, the Secretary of Labour and even the Environmental Protection Agency have all homed in with lengthy denunciations of Mr. Reagan's policy positions.

The protection agency's criticism was certainly the most eye-catching. Mr. Reagan has been touring the industrial Midwest this week in an

attempt to win blue-collar votes, and has been touting down some of his earlier statements that he would dismantle a wide range of Government pollution and safety regulations, though promising some relief.

But what Mr. Reagan cannot resist is the glib technological one-liner. Thus he repeated this week that most of the nation's pollution came from plants and trees—though he explained that he was only talking about one form of pollution, oxides of nitrogen—and suggested that the Mount St. Helens volcano had probably released more sulphur dioxide into the atmosphere than the last 10 years of car driving.

He also insisted that national air pollution had already been "substantially controlled" and that it was now time to relax what he described as the environmental agency's "un-

reasonable and many times untried standards."

The response from the agency was sharp. It said it was "strange and bewildering" for Mr. Reagan to claim that air pollution had been overcome when Los Angeles, the biggest city in his home state, was currently in the grips of yet another pollution "alert."

Moreover sulphur dioxide was not a major component in car pollution and Government laws were not aimed at it. In any case, total sulphur dioxide emissions throughout the country were between 40 and 160 times greater than that spewing out of Mount St. Helens.

Mr. Ray Marshall, Secretary of Labour, complained, citing a long list of past statements, that Mr. Reagan was trying to expunge a lifetime of anti-union activities. "Republicans must think workers are awfully dumb or the simple-minded to buy all that

stuff they're putting out."

Dr. Harold Brown, the Defence Secretary, took his lead from Mr. Carter in protesting that Mr. Reagan was denigrating American defence capability. Soviet military divisions were in even worse shape, he claimed.

Another straw in the future wind was to be found in, of all places, the editorial page of the Wall Street Journal. The newspaper is a staunch supporter of Mr. Reagan but carried a long article by one of its staff correspondents yesterday picking factual holes in some of Mr. Reagan's policy positions and labelling many of them "elusive."

Whether the new Carter onslaught works is another matter. The election remains very close: the latest public opinion poll, out yesterday, and conducted by the Roper Organization, gave Mr. Reagan a lead of precisely one point.

## Bid to ease U.S. telecoms grip

BY OUR U.S. EDITOR IN WASHINGTON

THE U.S. Federal Communications Commission has produced a package of proposals which, if finally approved, would inject free-for-all competition into the international communications market serving the U.S.

The FCC recommends that American Telephone and Telegraph, the telephone giant, should be allowed to enter the overseas telex and telegraph business and that the inter-

national telex carriers be permitted to compete with AT and T for domestic U.S. telephone service.

The FCC's proposed goal is to drive down current communications rates by breaking up monopolies. A staff audit of the four international carriers (ITT, Western Union International, RCA, and TRT Communications) found them earning

pre-tax profits of between 35 per cent and 58 per cent on their telex services alone, well in excess of the authorised 8.5-9.5 per cent margins.

An FCC attempt to inject competition into communications was thwarted this summer when a Federal court denied Western Union (no corporate relation to WUI) the opportunity to get into the international telex market.

## Demirel, Ecevit quizzed by lawyer

BY METIN MUNIR IN ANKARA

MR. SULEYMAN DEMIREL, the ousted Turkish Prime Minister, and Mr. Bulent Ecevit, the main opposition leader, who are under detention, were questioned by a prosecutor yesterday in connection with violating the Turkish election law.

The questioning was done by a civilian prosecutor at the seaside army camp at Gullupoli, near Istanbul, where the two politicians have been in internal exile since the bloodless military coup. Nobody has been

allowed to see them since.

The fact that the prosecutor was permitted to enter the camp was an indication that his mission had the blessing of General Kenan Evren's regime.

This was also the first sign of the possibility that Mr. Demirel and Mr. Ecevit, who have been alternating as Prime Ministers of Turkey since 1974, could be brought to trial.

General Evren said that no politician would go unpunished for his crimes before the take-

over.

But unlike the two other political leaders, Mr. Necmettin Erbakan and Mr. Alparslan Turkes, who are in the hands of army prosecutors and face trial by a military tribunal, the cases of Mr. Demirel and Mr. Ecevit will appear before a civilian court—that is, if the prosecutor decides to take his case before the court.

They are charged with violating the article of the election law which prohibits election campaigning after nightfall.

## Three share Nobel Prize for medicine

By William Duilforce in Stockholm

DR. GEORGE SNELL and Professor Baruj Benacerraf, both Americans, and Dr. Jean Dausset, French, share the 1980 Nobel Prize for medicine for their research into human immunity. The prize is worth SKR 880,000 (£58,620).

The citation from Stockholm's Karolinska Institute yesterday referred to their "discoveries concerning genetically determined structures on the cell surface that regulate immunological reactions." Their research has made possible, for example, human kidney transplants.

## Amsterdam riot alert

Demonstrations marked the official opening of the final city-centre stretch of Amsterdam's F1 1bn (£200m) underground system yesterday. Charles Batchelor reports. More than 600 riot police were on standby to prevent disturbances as 200 demonstrators smashed windows at police stations and the central court-room and threw smoke bombs.

## Greek Minister resigns

Mr. Ioannis Bontos, Greece's Minister of Co-ordination, resigned yesterday, citing reasons of ill-health. Victor Walker reports from Athens. Mr. Bontos, 55, became Greece's economic overlord with the formation of Mr. George Rallis's government last May.

## French Assembly passes worker-participation Bill

BY TERRY DODSWORTH IN PARIS

THE FRENCH National Assembly has finally voted in new measures for an extension of the system of worker-participation in industry following a long inter-party battle which has substantially watered down the original Government proposals.

If the Government had had its way, the new law would have made distribution of a small number of shares obligatory in large quoted companies, thus giving new life to the concept of worker-ownership first introduced during the presidency of General de Gaulle.

However, the compulsory element in the proposal was removed because of differences between the two wings of the Government majority—the

Gaullist RPR and the pro-Giscard-UDF parties—during the period earlier this year when the Gaullists were trying to assert their independence.

The effect of these changes is that companies will now have an option to distribute shares, with some financial backing from the state, but no obligation to do so.

Up to 3 per cent of a company's equity, created especially for the distribution, can be given away. Existing shareholders will be compensated for the dilution of their capital by bonds bearing interest at the average rate of state loans for which Treasury funds will bear 65 per cent of the cost. The measures will apply to both private and public companies.

## Janata party leader fears crackdown by Gandhi

BY K. K. SHARMA IN NEW DELHI

LEADERS of opposition parties in India fear that Mrs. Indira Gandhi, Prime Minister, will crack down on them soon by using the National Security Ordinance which gives the government powers of preventive detention without trial.

Open expression to these fears, which have so far been voiced only privately, was given yesterday by Mr. Chandra Shekhar, President of the Janata Party, who warned the Government that it ought to destroy the democratic system under the pretext of a "manufactured national crisis." It would lose its credibility, Mr. Shekhar said that the

government would "only harm itself if it tried to rule over the country by furnishing its armour with more draconian powers and used them against the people in the name of failure of the system."

His view was that the only crisis facing the country was that it was being ruled by a "terribly sick and awfully ill government."

Officials deny that the preventive detention powers will be misused, but politicians fear that under the pretext of detaining smugglers and black marketers, Mrs. Gandhi will jail many of her opponents.

## Poll indicates swing back to Fraser coalition

By Patricia Newby in Canberra

A SWING BACK to Mr. Malcolm Fraser's ruling Liberal-National Country Party Coalition is shown by the latest opinion poll published in the run-up to the Australian federal election on October 18.

The poll, conducted for the Herald and Weekly Times newspaper group, covered two samples each of 1,000 people on the weekends of September 28 and October 5.

The results, published yesterday, indicated that Labor would have received 53 per cent of the vote compared with 47 per cent for the Government. With such a vote, Mr. Bill Hayden, the Opposition leader, would win a comfortable majority in Parliament.

If the second and later poll is considered alone it shows the gap narrowed to 51 per cent for Labor and 49 per cent for the Government. Labor needs about 51.5 per cent of the vote to win, so the result, translated to an election result, would have meant a narrow win for the Government.

The company conducting the polls said last weekend's vote would mean a swing of about 5 per cent to Labor on the 1977 election result. This would cut the Government's current majority of 48 seats to about 13. If the swing was not uniform, the majority could be cut to as little as seven.

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However, a minor member of the Lin gang admitted knowledge of the plan. According to him, Lin Biao's son conspired with other Air Force officers and Lin to overthrow Mao, whose policies were causing political discontent and economic stagnation.

In essence, the intention was to capture Mao and other leaders at a top-level meeting and seize the regional military commands, if necessary resorting to "poison gas, bacteriological weapons, bombing, car accidents, kidnapping and urban guerrilla warfare."



Jiang Qing... faces worst punishment

## 'Severe sentence' for Mao's widow

BY COLINA MACDOUGALL

A LURID foretaste of the trials next month of the Gang of Four, Chairman Mao's widow and her three colleagues, and the so-called "Lin Biao Gang" has been released in an account of a "pre-trial" last summer in the left-wing Hong Kong magazine Cheng Ming.

Lin Biao was Mao's Defence Minister and appointed heir who allegedly plotted in 1971 to assassinate him.

On the evidence in Cheng Ming, Mao's widow Jiang Qing seems likely to receive the severest punishment, while the top military men in the Lin Biao gang could be cleared.

If that happens, following their imprisonment for nine years without trial, it could argue seriously conflicting views in the top leadership over their fate. Cheng Ming is believed to have reliable information in Peking on development within the leadership.

Not surprisingly, Jiang Qing, the former film starlet who married Mao in the late 1930s, dominated the proceedings. According to Cheng Ming, she behaved like an empress and beauteously demanded that the presiding judge return all her documents so that she could defend herself.

The pre-trial was punctuated by screams as she repeatedly shouted: "When you want to beat a dog, you must be careful who its master is"—a reference to her relationship with Mao.

She then involved Hua Guofeng, the present Party Chairman, by claiming that as the Minister of Public Security at that time he would uphold her defence that she was not the chief suppressor of the riot in Tiananmen Square in April, 1976. That riot broke out when police and troops tried to clear crowds mourning the late Premier Chou Enlai.

Of the other three members of the gang, Zhang Chunqiao, a former Party Leader in Shanghai, stayed silent. The remaining two, Yao Wenyuan, a Shanghai journalist, and Wang Hongwen, a young factory security man confessed some crimes.

Also in dock were the members of the Lin Biao gang including the four senior military men who were allegedly involved in the plot to assassinate Mao in 1971 and seize power. They were then Chief of Staff and three top Air Force, Army and Naval Commanders.

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## British Rail seeks to spend £34.5m on advanced trains

BY LYNTON MCLAIN, TRANSPORT CORRESPONDENT

BRITISH RAIL moved forward its plans for the 15mph advanced passenger train yesterday with its request to be approved by the Government for advance authority to spend £34.5m on electric traction motors, other equipment, and works for the train which involve long lead times.

The advance authority is needed so that BR can agree contracts with equipment suppliers for an initial five APTs.

BR hopes that Government permission for five APTs would herald the approval for the complete APT programme involving 60 APTs at a total cost of £250m.

Brush Electrical Machines, part of Hawker Siddeley Group, has been given a preliminary development contract by BR.

This calls for Brush to develop the large Swedish electric motors used on the pre-production prototype APT, expected to enter service this year.

Brush has an agreement with ASEA, the Swedish electric equipment manufacturing group, to build ASEA motors under licence for the APT. BR said yesterday that so far no money had been given to Brush in return for development contract. Government permission to spend the £34.5m was necessary before any commercial contracts could be concluded.

Brush has not started any physical work on the electric motors but is preparing itself in case the Government approves the APT.

BR wants approval to spend £34.5m to build the initial batch of motors, for other long lead-time engineering items, for developments at Glasgow to make way for the APT passenger service, for jigs and production tools at BR's Derby production centre, and for physical modifications to workshops to allow for volume production of the train.

Only £10m of the total of £34.5m was risk money which would be lost if the Government eventually decided against approving the APT, BR said.

Mr. Aake Nilsson, head of ASEA's transport equipment division, said yesterday that the Swedish electrical engineering company had received a firm order from Brush covering motor components for 15 APTs. The contract was worth about £3m.

ASEA is supplying control equipment incorporating its special thyristor technology. It has already delivered equipment for six prototype APTs.

In an earlier statement ASEA said the major part of the traction equipment would be manufactured under licence in England by Brush. The APT trains were expected to be operating by 1983.

ASEA assumes that Brush has contracted to buy the new components in expectation of an order from BR.

## Experimental bus on rails starts passenger service

BY LYNTON MCLAIN, TRANSPORT CORRESPONDENT

A FOUR-WHEELED "bus on rails" is to start passenger services between Ipswich and Lowestoft on Monday after test trials in Boston, U.S., earlier this year.

British Rail said yesterday that its lightweight experimental vehicle, LEV, would be used on the East Suffolk line for two months. This would allow passengers to sample the new service and comment on it in a research survey.

The "railbus" has a conventional single-deck bus body, built by Leyland Vehicles, mounted on a chassis designed and built by British Rail and powered by a standard six-cylinder Leyland diesel engine.

The R3 railbus weighs almost 20 tonnes, has 56 seats and room for 50 more standing and has been designed to reach speeds of 75 mph in passenger service.

Fuel consumption is about 10 miles to the gallon, almost three times better than the consumption for a conventional diesel multiple train unit.

The railbus is expected to cost about 40 per cent less than a conventional train to produce.

## Northern Ireland gas pipeline 'not worthwhile'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

CONTROVERSY over demands for a pipeline to carry natural gas from Britain to Northern Ireland intensified yesterday when a new study claimed that the project would "not be a worthwhile investment of public funds."

The claim was made in a report by the management consultancy branch of Deloitte, Haskins and Sells prepared for the Northern Ireland coal industry which would lose much of its market if a pipeline was built.

The Government believes that a pipeline would be uneconomic. But various interest groups in the province have waged a lengthy campaign to persuade it to go ahead.

A report published earlier this month by the Northern Ireland Economic Council, which advises the Government, said the project was viable.

The Deloitte, Haskins and Sells report says the NIEC report, prepared by accountants, was based on too optimistic a set of assumptions. Coopers and Lybrand claimed the project would produce net benefits worth £21.5m, at present value but Deloitte, Haskins and Sells believes it would generate net losses of £187.1m.

The new report adds that the pipeline would cause major losses to both the Northern Ireland electricity service and the coal trade. "We believe it is unarguably the case that the project would be more likely to produce losses than profits," it says.

Stewart Dalby writes: A further twist to the dispute came yesterday when the province's two Unionist representatives at the European Parliament, the Rev. Ian Paisley, MP, and Mr. John Taylor, claimed they had firm assurances from EEC Commission sources that the commission would find money amounting to 70 per cent of the cost of the pipeline.

Northern Ireland has 13 gas companies and utilities, most of them loss-making. They mostly manufacture town gas, naphtha-derived gas, which is three times more expensive than natural gas.

The Government's attitude, based on a British Gas Corporation report last year, is that it is cheaper to phase out the industry than to build a pipeline.

Two other reports, however, have claimed that over 30-year period it will be cheaper to build a pipeline because of the enormous costs of meeting operating losses.

## E. German entry fees anger Bonn

BY LESLIE COLLITT IN BERLIN

EAST GERMANY, locked in a growing ideological struggle on its Eastern front with the new independent Polish unions, has clamped down on its Western borders by sharply increasing the entrance fee West Germans and West Berliners must pay to visit the country.

The East German move strikes at West Germany's raw nerve, the myriad ties between Germans in East and West which have been restored since the 1971 four-power Berlin Agreement and the intra-German accords.

The presence in East Germany of large numbers of Westerners may have been intolerable for the security-minded East German leadership at a time when it is deeply worried that political developments might spill over from neighbouring Poland.

Starting on Monday, a West

German family of two adults and two children will have to pay DM75 (£17.50) including visa charges to enter East Berlin, compared with DM23 (£5.40) until now. Exemption for pensioners and children under 16 has been abolished.

West Germany has reacted with rare anger to the terse East German regulation, issued only four days after the West German election, calling it a severe setback to improved relations between the two countries.

West Berlin authorities estimate that the number of visitors to the East, 7m last year, could fall by one-third in coming weeks while East German revenue from the higher fees in badly-needed DMs will be even greater than before.

A Bonn Government spokesman, Herr Klaus Bolling, said West Germany would bring up the matter as an infringement of the 1975 Helsinki declaration at next month's Madrid follow-up conference.

In urging East Germany to reverse its decision, West Germany has several bargaining counters which could encourage the East Germans to negotiate a compromise agreement.

For example, the annual interest-free "swing" credit to East Germany of DM 850m to purchase West German goods, elapses at the end of next year and negotiations to renew it were to begin soon.

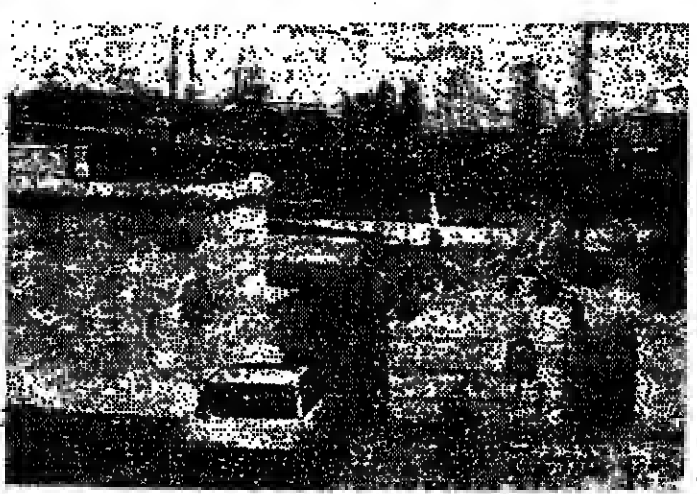
In addition, East and West Germany were scheduled to open talks on several joint economic projects, including electrification of the East

German railway lines between West Berlin and West Germany and the construction of a giant power station in East Germany by the West Germans, to be paid for by deliveries of electricity to West Berlin.

These projects were to have been explored at a summit meeting in East Germany between Chancellor Helmut Schmidt and East Germany's leader, Herr Erich Honecker, which was twice postponed this year, first by the Soviet invasion of Afghanistan, then by the strike wave in Poland.

This meeting is highly unlikely to take place next year, unless East Germany agrees to a compromise.

A flurry of East-West meetings took place on many levels yesterday in Bonn and Berlin, over the new East German measures. West Germany's



A West German visitor waits to cross the Berlin border.

permanent representative in East Berlin, Herr Gunter Gaus, lodged Bonn's extreme displeasure with the new entrance fees at a meeting in the East German foreign ministry.

In Bonn, the East German representative was summoned to the Federal Chancellery to

be told much the same. East Germany's Finance Minister said the higher entrance fee was necessary because prices had remained stable in East Germany and thus the "purchasing power" of the East German mark had "increased" against the DM.

Some opposition to a draft code is likely from the Confederation of British Industry. The Health and Safety Commission turned down a proposed

draft code of practice on problem drinkers at work in 1979 under pressure from CBI representatives who argued the problem should be dealt with in a wider perspective and not by employers.

The Government has now decided to test the feelings of industry and trade unions in particular over a proposed draft code.

The main theme of the consultative document is that a joint policy should be agreed between management and trade unions at a company or divisional level. Employees should have time off work to obtain help and treatment for drink problems. Jobs should be protected on the same terms as those for other employees absent through illness.

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## UK NEWS

## Rank ready to sell some of its cinemas

By Guy de Jonquieres

THE RANK Organisation said yesterday that it was examining its cinema operations, as part of a broader review of the group's activities, and might sell a few cinemas if it received a satisfactory offer.

But Rank said that though several prospective buyers had approached it recently, it was not at present negotiating any sales. It also denied reports that it planned to sell its entire circuit of 132 Odeon and Gaumont cinemas.

Profits from the chain, which operates in London and most big provincial cities, were £2.7m last year, against £4.5m in 1978. A number of the cinemas are understood to be running at a loss.

Last year, more than £100m of Rank's pre-tax profit of £131m was provided by Rank-Xerox, the copiers company which it owns jointly with Xerox of the U.S.

## Kirby named as likely editor of new Standard

By John Lloyd, Labour Correspondent

LORD MATTHEWS, chairman of the Express Group, said last night that Mr. Lou Kirby, the editor of the Evening News, was the favourite for the editorship of the new-style London Evening Standard.

The Evening News is to close at the end of this month, while the Express Group's Evening Standard — the ownership of which it will share with Associated Newspapers, the publisher of the Evening News — will appear in a revamped form at the beginning of November.

Intense speculation has surrounded the editorship of the new Standard. Mr. Charles Wintour, the editor of the paper for 20 years out of the last 23, has been ruled out by Lord Matthews, who said he would be taking a more senior post within the group.

Lord Matthews said no final decision had been taken on the position of editor. The print unions are to meet Associated Newspapers on Tuesday, and are expected to begin discussions on redundancy terms for the nearly 1,500 workers on the News.

## GLC outlines Coin Street plans

BY ANDREW TAYLOR

THE Greater London Council has drawn up proposals calling for 1m sq ft of offices to be developed on the controversial 15-acre Coin Street site on the south bank of the Thames.

A council spokesman said the plans had been drawn up as a "basis for discussions" which are to be held with other Coin Street landowners, developers and the various London boroughs concerned with redeveloping the site.

However, the proposals, which were outlined at a meeting of the council's planning and communications committee yesterday, provide a clear indication of the type and scale of development the Conservative-controlled GLC would like to see at Coin Street.

Earlier this year Mr. Michael Heseltine, the Environment Secretary, rejected a series of development proposals for Coin Street, including plans from Greycoat Estates to develop over 1m sq ft of offices on the south bank site. Mr. Heseltine said he wanted to see a mixed development on the site and called for an "architectural competition."

The GLC guideline proposals call for the development of around 1m sq ft of offices at Coin Street plus 400,000 sq ft of mostly residential accommodation but with some shops, open space and other social amenities.

The GLC says that the office content of any development scheme should be designed to allow a possible change of use to residential accommodation in future years. A report submitted by council officers said: "With the advent of the microchip and electronic communications we would be rash to say that we can judge, even within

wide limits, the ultimate use for which new buildings would be put."

The moves have prompted accusations from opposition spokesmen that the Conservatives are trying to push through planning permission so that they can dispose of their Coin Street land before GLC elections.

Ownership of the Coin Street site is complex: the GLC owns the freehold of around half the 15-acre site but Greycoat Estates and Commercial Properties between them control around 9 acres of land, through freeholds and long leases.

There had also been protracted talks with Access and Barclaycard before the Trustee's card was launched.

Credit cards of the Visa group are accepted by about 3m retail outlets on behalf of banks in 120 countries. Access serves NatWest, Lloyds, the Midland and Williams and Glyn's banks, and is connected to a similar number of retail outlets worldwide.

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## Girobank plans to issue credit card

BY MAURICE SAMUELSON

NATIONAL GIROBANK, the Post Office's banking arm, is eager to issue its own credit card and is exploring the possibility of a link-up with Barclaycard or Access.

The move is intended to increase Girobank's chances of winning customers from the clearing banks. It would supplement the wide range of services, including cheque guarantee cards and travellers' cheques, which it has introduced since it was founded 12 years ago.

Last year, its customers increased by 25 per cent to 850,000, but it is still far from the popularity to which it aspires.

Girobank would issue the card to its customers, but would probably link up with Access or Barclaycard rather than establish its own costly administrative machinery. Access or Barclaycard would receive a management fee and this new business would also enable them to reduce their unit costs.

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## Littlewoods founder back in top post

By Christine Moir

MR. JOHN MOORES, the 84-year-old founder of the Littlewoods Organisation, has decided to take over the reins again.

In 1977 he retired from the chairmanship of Britain's largest private company in favour of his son, Peter, who is now 48. Yesterday, however, he announced that he would be taking over the chairmanship again from October 17 for another three-year term.

Mr. Peter Moores, who is also a director of Singer and Friedlander, the merchant bank recently acquired by European Ferries, said he was "delighted" that his father had "the energy and enthusiasm" to take over the reins. He intended to expand his City interests now that he was released from the chairmanship.

Mr. John Moores, who founded the Littlewoods amusements business with his brother Cecil in 1922, first announced his intention of retiring in 1971. Cecil retired as chairman of the pools division early last year at the age of 76.

## U.S. travel up

TRAVEL to the U.S. by British tourists increased by 29 per cent in the first seven months of 1980, reflecting the increasing popularity of the U.S. among tourists according to the latest Department of Trade figures.

Overseas visits by UK residents to all destinations rose by 15 per cent over 1979 to 9.3m, while the number of visitors to the UK rose 4 per cent, to 7.1m. But despite the greater number of incoming visitors, the UK's travel account showed a surplus of £255m.

In July alone, overseas visitors to the UK spent £405m and UK residents spent £300m abroad.

## Long server

MR. FRANK SWAIN, at 80 the Financial Times' oldest employee, has retired after a lifetime in Fleet Street. Mr. Swain worked for 22 years with the FT night editorial staff and is London's longest-serving member of his union, the National Society of Operative Printers, Graphical and Media Personnel.

## City police investigate £1.5m grain shipment

BY JOHN MOORE

THE City of London police fraud squad is investigating a possible £1.5m fraud involving a shipment of grain.

Alleged irregularities being probed involve freight charges on a consignment of grain which was being shipped from the United States for the Chinese National Chartering Corporation.

Police investigators are looking at the freight charges that the Chinese National Chartering Corporation was asked to pay, which may have been diverted.

Lawyers acting for the Chinese National Chartering Corporation confirmed yesterday that they were suing a firm of brokers on the Baltic Exchange in connection with the grain deals; negligence is alleged.

The action is to be contested. It is understood that the contract was concluded through various shipping centres, including London, New York, Tokyo and Singapore.

The Baltic Exchange is mainly concerned with providing facilities for the fixing of cargoes for merchant vessels in a market type setting. The Exchange said yesterday that no member had acted in an improper way.

It seems that the latest affair was totally beyond the control of the London market because of the international character of the irregularities.

Police received the complaint three weeks ago. The inquiry is headed by Detective Superintendent Mark Kirkwood.

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## Firestone closes last UK factory

By John Griffiths

FIRESTONE TIRE and Rubber, the U.S. group, yesterday closed its last British tyre factory, at Wrexham in North Wales. The closure comes a month earlier than expected.

The Wrexham plant opened only 10 years ago, produced radial tyres and is the latest of a string of victims of worldwide over-capacity.

Firestone closed its only other tyre-making plant, at Brentford earlier this year with the loss of 1,500 jobs. It had been making the old-fashioned cross-ply tyres no longer fitted to new cars and which now hold less than 15 per cent of the replacement market.

Dunlop and Goodyear have also closed British plants this year and employment in the UK industry has dropped from 43,000 in the early 1970s to 10,000.

Firestone, which recently announced a loss in the U.S. of \$98m in this year's first nine months, is to keep its marketing operations in Britain.

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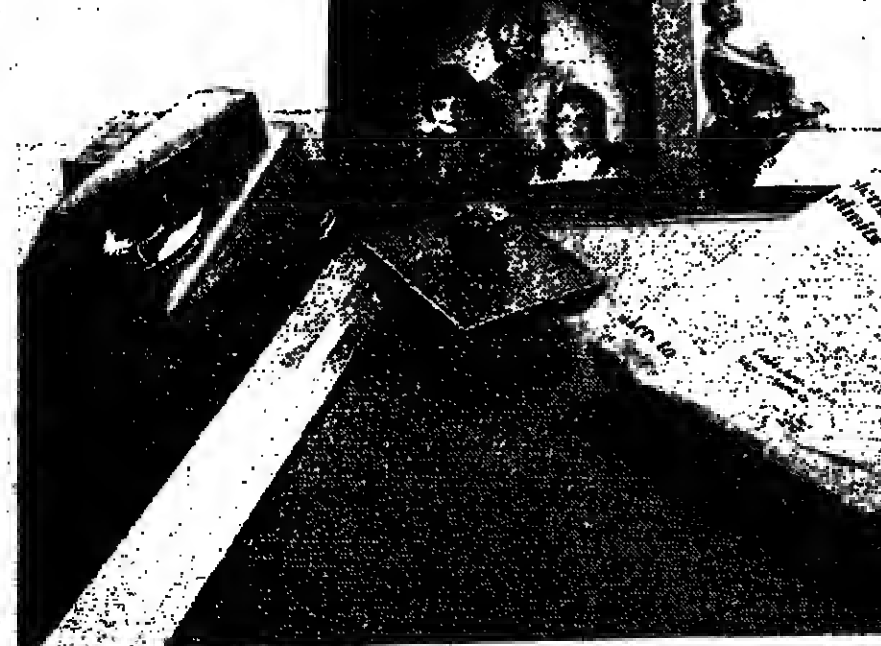
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# UK NEWS — CONSERVATIVE PARTY CONFERENCE

# LABOUR

## The apotheosis of the Blessed Margaret

BY JOHN HUNT

IT WAS obvious from the start of the last day of the Conservative party conference in Brighton that delegates were in a mood of relaxed self-congratulation.

Three days of debate had gone by with only a few minor tremors to disturb the equilibrium of the Government rather than the earthquakes that some political seismologists had predicted.

Sir Theo Constantine, president of the National Union, declared that the debates throughout the week had been lively, relevant, vigorous and firmly answered. Certainly, he said, they were not the anodyne affairs which had been portrayed in the Press.

One wondered whether Sir Theo had been attending the same conference as the journalists who had been scribbling away below the platform for hours at a stretch.

The most common sight of the week had been the myriad ranks of delegates rising to give standing ovations to even the most obscure Minister no matter how mediocre the speech.

When delegates at Labour Party conferences rise from their seats it is usually on an acrimonious point of order to boo or to hush their neighbour over the head. Their Tory counterparts, however, seemed to give standing ovations merely for the pleasure of stretching their legs.

Yesterday's programme was no exception. The conference approved a motion welcoming the way the Government had carried out its defence policy in difficult circumstances. Naturally, Mr. Francis Pym received a standing ovation.

The next item was a resolution urging the Government to strengthen the Atlantic Alliance. As this is already

firmly part of Government policy, it was hardly likely to produce any sparks.

An awkward amendment calling on Britain to supply arms to the Afghan freedom fighters was consigned to oblivion. As the Minister replying was Lord Carrington, the standing ovation was even more heartfelt.

By the time the afternoon session started, the thousands of delegates packing the vast hall were in a mood to applaud anyone or anything.

They clapped the organist at the end of every number. They clapped every faceless official who appeared on the platform.

They guffawed at the sallies of Mr. Michael Taylor as he set about the task of extracting £5,000 from their pockets for Conservative party funds.

This was all a carefully orchestrated build-up to the big event of the day, the

triumphant appearance of Mrs. Thatcher surrounded by members of the Cabinet and followed at a respectful distance by her husband Denis.

What followed had all the atmosphere of an old-time revivalist meeting as the Prime Minister poured out her heart in a testament of her Tory fundamentalist beliefs.

She had scarcely got under way when a couple of Right to Work marchers who had infiltrated the hall started a noisy demonstration.

But as stewards hustled the interlopers out, Mrs. Thatcher brushed it aside with a series of wisecracks which put the audience even more firmly on her side.

Carefully skipping over the recent difficulties of money supply, she wowed her followers with a series of those ghastly puns to which Conservative speakers are so strongly addicted—"you turn

If you want to. The lady's not for turning."

At the end of the day she was given a tumultuous ovation that has probably not been seen at a Tory conference since the days of that other great actor-manager, Harold Macmillan.

Four times she had to rise for an encore as delegates stamped and roared.

There were three cheers and the singing of "For she's a jolly good fellow." Then to the strains of Land of Hope and Glory, she made her exit along the central aisle as delegates leaned forward to touch the hem of her garment.

On the platform, Mr. Norman St. John Stevens, leader of the Commons, looked on with the rapt expression of a man witnessing the marvellous event which he had always prophesied—the apotheosis of the Blessed Margaret.

## 'Mass protests' warning over steel closures plan

BY CHRISTIAN TYLER, LABOUR EDITOR

PLANS to cut another 25,000 jobs in State steel implied the closure of two or three major steelworks and would provoke massive protest by industrial workers in South Wales, union leaders said yesterday.

The further threat to jobs in steel, coal and the railways to be raised directly with the Prime Minister when the TUC goes to 10 Downing Street on Tuesday.

Leaders of unions in the nationalised industries met at the TUC yesterday to launch a series of political initiatives against what they see as a crisis in the State sector caused by the Government's "doctrinaire approach."

Mr. Bill Sims, chairman of the TUC steel committee, is trying to meet Mr. Ian MacGregor, BSC chairman, in the next few days in the hope of changing the corporate plan before it goes to Sir Keith Joseph, Industry Secretary.

Yesterday he forecast a militant response to further cuts

as workers in steel and its dependent industries realised they were otherwise powerless to prevent the loss of their jobs.

"There will be an enormous reaction from steelworkers, miners, dockers and transport workers in South Wales," he said.

Mr. Sims' union, the Iron and Steel Trades Confederation, believes the BSC plan—said to be the least harsh of its options—sounds the death-knell of Port Talbot and Llanwern in South Wales, and possibly of Scunthorpe, Lincs., as well.

The BSC could not cut more than about 10,000 or 11,000 jobs in administration and maintenance, an official said and the total employed at the three vulnerable works added up to another 13,500.

Coal, steel and rail unions on the TUC nationalised industries committee are to draw up a common strategy at a joint meeting of their executive committees.

Meanwhile, the steel committee is due to meet EEC Commission this month, to ask for more Common Market aid for British steel and to support moves to declare a "manufacturing crisis" to steel from October 22.

Such a declaration would give the EEC Commission power to cut steel output by number of countries—an average of 10 per cent is likely. The unions believe BSC would be crushed since it has already carried 40 per cent of voluntary EEC cuts in shedding 52,000 jobs this year.

Coal and power unions are also to press the Energy Secretary for subsidies to British coal matching those given by West Germany to its private producers. Another union attempt will be made to reconcile the argument between BSC and the National Coal Board about import of coking coal which directly threatens miners' jobs.

## The lady's not for turning, says PM

BY IVOR OWEN



Mrs. Thatcher was defiant, cool and caring in turn.

GROWING ACCEPTANCE that the Government's counter-inflation policies offer the only practical route to economic recovery was claimed by the Prime Minister yesterday when the Conservative conference ended on an astonishing wave of enthusiasm at Brighton.

Outside the conference hall hundreds of policemen struggled to control a mass protest by 5,000-6,000 Right to Work demonstrators while inside Mrs. Thatcher was defiant, cool and caring in turn.

She sounded a note of defiance when again reaffirming that the Government will not be forced into policy changes. The Prime Minister admitted that another winter of discontent similar to that which rocked the Callaghan Government in 1978 could lie ahead.

Challengingly she declared: "But I prefer to believe that certain lessons have been learned from experience—that we are coming slowly, painfully, to an autumn of understanding."

"I hope it will be followed by a winter of common sense."

Then, to a roar of approval from the conference, Mrs. Thatcher insisted: "If it is not, we shall not be diverted from our course. To those waiting with bated breath for that favoured media catch phrase the U-turn, I have only one thing to say: 'You turn if you want to—the lady's not for turning.'"

This confidently delivered play on words also showed that the lady was not for turning and was a rapturous response from the packed rows of Tory supporters in the hall.

The Prime Minister, tense but unyielding, demonstrated her coolness when her speech was interrupted by some of the few demonstrators who succeeded in penetrating the elaborate security net thrown round the hall.

While stewards hurried to eject the hecklers, she joked that they could not be blamed for getting into the hall.

"It is always better where the Tories are," she said amid laughter.

The Prime Minister was caring in a section of her speech which she said reflected some of her

most deeply held convictions and beliefs.

After cataloguing the Government's achievements in laying the foundations for economic recovery and recalling that 1.5m people were out of work when Labour left office, she emphasised that the fact that unemployment had climbed to beyond 2m was "a human tragedy."

Mrs. Thatcher told the subdued Tory ranks: "Let me make it clear beyond doubt. I am profoundly concerned about unemployment. Human dignity and self-respect are undermined when men and women are condemned to idleness."

"The waste of a country's most precious asset—the talent and energy of its people—makes

it the bounden duty of Government to seek a real and lasting cure."

Mrs. Thatcher emphasised: "If I could press a button and genuinely solve the unemployment problem, do you think I would not press that button this instant?"

The Prime Minister dismissed the idea that there could be the smallest political gain for the Government in allowing such a high level of unemployment to continue.

Nor was there some obscure economic religion which demanded such a level of unemployment as part of its grisly ritual.

She insisted: "This Government is pursuing the only policy which gives any hope of bringing our people back to

real and lasting employment."

The Prime Minister admitted that some of those who support Government policy are concerned by the fact that the burden of carrying it seems to have fallen far more heavily on the public than the private sector.

She shared the concern and resentment which this caused.

"That is why I and my colleagues say that to add to public spending takes away the very money and resources that industry needs to stay in business, let alone to expand."

"Higher public spending, far from curing unemployment, can be the very vehicle that does jobs and causes bankruptcies in trade and commerce."

Mrs. Thatcher reinforced the

warning to local authorities that increases in rates—frequently the highest tax that industry now pays—could cripple local businesses.

"Councils must therefore learn to cut costs in the same way that companies have to," she maintained.

Surprisingly, though, the Prime Minister was less outspoken than some of her senior colleagues in proclaiming the need for restraint in public sector wage settlements.

She did not stress the need for single figure deals but pointed out that those in the public sector had a duty to take out so much in pay that it caused others unemployment.

Mrs. Thatcher argued that if spending money like water had been the answer to Britain's problems, there would now be no problems to face.

"If ever a nation has spent, spent and spent again, ours has. Today that dream is over. All that money has got us nowhere. But it still has to come from somewhere."

The Prime Minister was adamant that those who urged the Government to relax the squeeze, to spend yet more money indiscriminately to the belief that it would help the unemployed and the small business, were not being kind or compassionate or "caring."

She contended: "They are not the friends of the unemployed or the small business. They are asking us to do again 'the very thing that caused the problems to the first place.'"

In a rallying cry to Tory supporters, Mrs. Thatcher called upon them to intensify their efforts in view of the events at Blackpool last week.

"Let Labour's Orwellian nightmare of the Left be the spur for us to dedicate with a new urgency our every ounce of energy and moral strength to rebuild the fortunes of this free nation."

"If we were to fail, that freedom could be imperilled."

"Let us resist the blandishment of the faint hearts; let us ignore the howls and threats of the extremists; let us stand together and do our duty and we shall not fail."

## Pym stresses 'crucial' cost control

BY IVOR OWEN

COMPANIES ENGAGED on major defence projects are being pressed by the Government to introduce more effective cost control procedures.

Mr. Francis Pym, the Defence Secretary, told the Conservative conference yesterday.

He admitted that there are formidable difficulties in devising adequate means of ensuring that the final bill for the increasingly complex new weapons now being provided for the Services bears a closer relationship to the original estimated cost.

"We are considering very carefully with industry what method of control might succeed," he said.

Mr. Pym confirmed that the

Cabinet had imposed severe limits on the defence budget than he had initially been prepared to accept.

"I make no secret of the fact that my Ministers and I would like to go more quickly and spend more money."

"But the revival of the economy is obviously crucial to the national interest and that revival depends, among other things, on curbing public expenditure."

The Defence Secretary conceded, too, that the severity of the recession was causing difficulties for the Government and the suppliers of defence equipment.

The lack of civil work had caused some firms to switch

production to defence work with the result that defence spending was higher than the cash limits allowed—a cash limit that had already been raised.

The necessity to rein back such excess spending had led to the already announced decision to impose a temporary moratorium on contracts.

Mr. Pym joined with the representatives from the constituencies in condemning Labour's reversion to unilateralism at last week's Blackpool conference.

He contended that this was not only damaging to Britain but to the whole of the NATO alliance.

To cheers, Mr. Pym declared:

"It weakens the Alliance because it causes other countries to question Britain's resolve."

"We know that the Blackpool conference did not speak for Britain."

Speaker after speaker contrasted the Conservative Party's unwavering commitments to according priority to the defence of the realm to the lack of resolution shown by Labour at Blackpool.

Conference rammé home the point still further by not only pledging continued support for NATO, and the maintenance of Britain's independent nuclear deterrent, but endorsing the location of U.S. Cruise missiles in the UK.



Pym: "public expenditure must be curtailed"

## BP lifts pay offer to drivers

BY NICK GARNETT, LABOUR STAFF

BP HAS lifted its pay offer to tanker drivers and terminal workers to the equivalent of 13.6 per cent over 12 months.

This is considerably above guidelines which union officials had accused the companies of using in initial attempts to keep rises only just into double figures.

Mr. Jack Ashwell, Transport and General Workers' Union national secretary for commercial transport, said earlier this week that pay negotiations for the oil companies' tanker drivers had been progressing quite well.

Shell has offered 12 per cent to its drivers and negotiations began with Esso yesterday.

Shell was understood to have made some improvements in its

previous 11 per cent offer to its refinery workers. The new proposals are expected to be put to mass meetings.

Yesterday's negotiations followed a joint Shell-BP delegates meeting on Thursday at which the companies were given a month to improve their offers at the refineries or face co-ordinated industrial action.

BP has been making offers of about 11 per cent—with a further 6 per cent on present salaries in six months time—at its refineries.

The manual labour force at BP's Grain refinery in Kent were voting on pay proposals late last night.

There had earlier been some feeling that the Grain workers might be more tempted to

accept present proposals than other refineries because of what they believed to be the relatively vulnerable position of Grain in any programme of cuts.

The position in the Shell refineries is more complicated because, unlike BP, the company has a two-tier bargaining system.

Some stewards believe the Shell workforce would be more prepared to settle on a lower overall figure than some of the BP refineries because of the prospect of further money from local negotiations.

Most of the pressure for supplements above the retail prices index have so far come from workers at BP Grange-mouth.

## BA staff cut by 2,000 this year

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS is making steady progress with its plan to reduce staff by 3,500 this year, out of the total payroll of 56,000, through voluntary retirement and natural wastage.

So far, about 2,000 have gone, and the remaining 1,500 will go by the end of this financial year, March 31, 1981.

The airline has firmly set itself against any compulsory redundancy, preferring to use the voluntary retirement and natural wastage for staff reductions.

It is reviewing as many as 17,000 jobs in the administrative grades to see where any savings might be made.

This does not mean that the airline wants to see 17,000 jobs go. Mr. Peter Hermon, management services director, is careful to point out in this week's British Airways staff newspaper that the review is aimed solely at seeing where savings might be made without damaging some essential functions in the process.

## TASS to confer today on amalgamation move

BY OUR LABOUR CORRESPONDENT

A SPECIAL delegate conference of TASS, the white-collar section of the Amalgamated Union of Engineering Workers, will today review the structure of the union, following a successful attempt to block a full amalgamation of the AUEW's three craft sections.

At the same time, it is understood that the delegates will be faced with a potentially contentious request from the union's executive to grant the general secretary individually, or jointly with the executive, powers to suspend full-time officials from their posts for periods up to 12 months with or without pay.

The amalgamation of the engineering, foundry and construction sections of the union was halted at an advanced stage when the Certification Officer, who oversees union mergers and

amalgamations, upheld a TASS injunction.

TASS was concerned that an amalgamation would discriminate against its interests, and reduce the status of the union's national conference.

The status of the proposed change in the union's disciplinary procedure is unclear. The issue appears on the agenda of today's meeting, under the heading "administrative problems," though the possibility of introducing these powers was raised at a meeting of full-time officials in Lisadun last month.

A majority of the officials there indicated their disagreement with what they saw as a large alteration to the union's rules. However, it seems certain that the powers will be submitted to today's meeting for approval.

## Isle of Grain dispute

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE COUNTRY'S two major craft unions are now on course for suspension from the TUC.

The engineering section of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union had until yesterday to abide by the TUC's guidelines on the inter-union dispute at the Isle of Grain power station construction site.

They have both told the TUC that they feel unable to do so, and thus face suspension at the next general council meeting on October 22.

Mr. Terry Duffy, president of the engineering section of the AUEW, said last night: "Sadly it looks inevitable that we will be suspended."

Mr. Duffy said that his resolve not to toe the TUC line had been stiffened by a conversation with senior executives of the Central Electricity Generating Board, who reiterated their position that any cessation of the thermal insulation work at Grain—which lies at the heart of the dispute—would result in closure of the station, with the loss of 1,400 jobs. The CEBG

## Dicussions may delay Employment Act codes

BY OUR LABOUR EDITOR

FURTHER DEBATE in and out of Parliament on the Government's draft codes of practice for picketing and the closed shop could delay the introduction of the codes until the New Year.

Yesterday was the official deadline for submissions to the Department of Employment, but the consultation period may have to be extended.

At least one major body, the Engineering Employers Federation, has yet to complete its representations to the department. The federation is expected to take issue with one aspect of the guidelines on the closed shop in a letter to the department next week.

Meanwhile, Mr. James Prior, Employment Secretary, will appear again before the Commons Select Committee on Employment in 10 days' time for further questioning on the proposed codes.

## Rebels await suspension

BY JOHN LLOYD, LABOUR CORRESPONDENT

later confirmed that this remained its attitude.

However, Mr. Duffy expressed concern over the defection from the united front of opposition to the TUC of the small construction section of the AUEW, the executive of which has voted to accept the TUC advice by October 20 if no other solution can be found.

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tion site, where thermal insulation has largely been taken over by members of the Sheetmetal Workers' Union.

As at Grain, the General and Municipal Union is claiming that the work belongs by custom to its members. Mr. Harry Harris, a GMWU regional organiser, said that a TUC decision of 1973 had clearly stated that insulation or lagging work on large construction sites was the preserve of the GMWU.

However, Mr. George Guy, general secretary of the Sheetmetal Workers' Union, said yesterday that the GMWU's monopoly on lagging applied only when a member of the Thermal Insulation Contractors Association was employed on the site. Since that was not the position at Milford Haven, he did not recognise the GMWU's case.

Earlier this week, a national delegates conference of the GMWU laggers called for a national strike over the Grain and Milford Haven issue. The strike call has still to be ratified by the GMWU's executive.

## The promise from Denis

THE PRIME MINISTER'S husband, Denis, yesterday became the messenger boy for Mr. Jack Jones, former TGWU general secretary, who led a small delegation to Brighton in support of old age pensioners.

Mr. Jones, accompanied by Mr. Will Paynter, former NUM general secretary, took a letter calling for a better deal for pensioners to the Grand Hotel where Mrs. Thatcher was staying.

In the hotel foyer he met Mr. Jim Prior, Employment Secretary, who promised to see that his letter reached Mrs. Thatcher. But the Prime Minister was locked in her suite analysing her conference speech.

Fortunately, Mr. Denis Thatcher was standing in the foyer and unthinkingly promised to deliver the letter

## Carrington's warning on Gulf war

BY JOHN HUNT

LORD CARRINGTON, Foreign Secretary, yesterday warned the Conservative conference about the possible danger of the Iraq-Iran war spreading.

Winding up the debate on overseas affairs, he told delegates: "It is hard to see an early solution since neither side is ready to negotiate the other's terms."

"Meanwhile we are concentrating on trying to stop the conflict spreading though we and our allies would be foolish not to prepare ourselves for the possibility that it might."

Lord Carrington emphasised the necessity to maintain freedom of navigation in the Persian Gulf.

"The war between Iraq and Iran poses serious danger to us all," he declared. "Any extension of the conflict could result in a threat to shipping in the

Gulf. Over 15 million barrels of oil a day are at risk—a third of Western consumption."

In the defence debate earlier, Mr. Francis Pym, the Defence Secretary, had underlined this when he announced that yesterday HMS Coventry, one of Britain's most modern destroyers, had taken up station in the Gulf of Oman having been redeployed from the Far East.

Lord Carrington stressed the importance of the Atlantic Alliance but said that the West now had to evolve better machinery to deal with military threats in other parts of the world.

The legitimate security interests of many members of the Alliance went well beyond the southern boundaries of NATO. The Alliance could not simply shut its eyes to

what was happening in the outside world.

"We need on both sides of the Atlantic to devise better means of ensuring co-ordinated responses to crisis that threaten our common interests," the Foreign Secretary said. "We in Europe cannot leave it all to the Americans."

"We need to Europe to strengthen our crisis management to enable us, in concert with our U.S. partners, to react promptly and cohesively. What we need above all is a common strategy to safeguard our shared interests against the onslaught of those who would disrupt them."

There were cheers when Lord Carrington made a strong commitment to Britain's continued membership of the EEC. The problem of the UK's

contribution to the Community budget had largely been solved, he maintained.

On relations with the USSR, he told delegates that the divisions between East and West had become much more acute than for some years past. It was the sternest reality which now faced us.

He said that the Russians showed no sign of withdrawing from Afghanistan and he once again advocated the adoption of the Western proposal for a neutral, non-aligned Afghanistan.

The conference approved a motion stating that the Atlantic Alliance must be the most effective barrier against further Soviet expansion. It urged the Government to strengthen the Alliance by ensuring that European and American initiatives



### Do you know about Viceroy's engine?

The new Vauxhall Viceroy is built around a remarkably smooth 6-cylinder 2.5 litre engine, that produces 114bhp. It incorporates features like hydraulic tappets to reduce maintenance, and is designed to give high efficiency and silky power.

### Do you know how Viceroy performs?

Viceroy has a top speed of over 110mph and it reaches 60mph in just 11.5 seconds. At motorway speed it's practically silent because executives like to hear themselves think. But although it's a luxury express, Viceroy isn't profligate. At a steady 56mph it can achieve 33.2mpg.

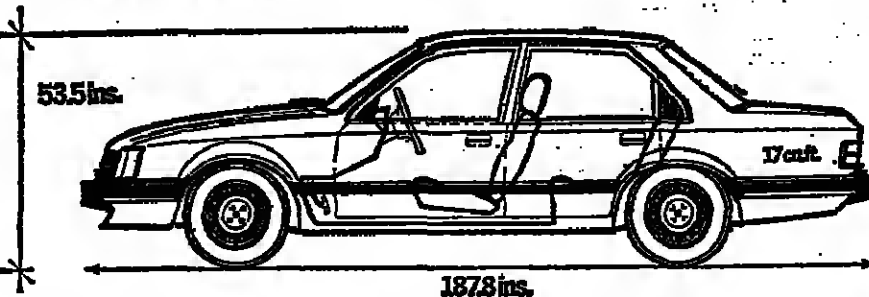
### Do you know that all Vauxhalls are praised for their sheer driver appeal?

We see no reason why company executives shouldn't enjoy their driving. All Vauxhalls have excellent handling. It's designed in, and the new Viceroy is no exception. With independent front suspension with MacPherson struts, coil springs and a refined live rear axle, located by four trailing links, Viceroy gives a smooth ride and precise, light steering.

It's roadholding puts Viceroy in the forefront of cars in this class. We can arrange for you to try a Viceroy soon, to prove it for yourself.

### Do you know about Viceroy's spaciousness?

Viceroy is long, sleek and low. And its interior space makes four or five top people very comfortable. But Viceroy is still compact enough to hustle easily through heavy traffic. We can arrange for you to see for yourself. Just contact your local Vauxhall dealer.



# If it's your job to know about cars, how much do you know about the new Vauxhall Viceroy?

### Do you know where Viceroy fits in the Vauxhall range?



CARLTON  
From £6098

THE NEW VICEROY  
NEATLY FILLS THIS SPACE

VICEROY  
£7864



THE ROYALES  
From £10,524



Viceroy is designed

to complete the Vauxhall top of the line executive range. It slots very neatly between the Carlton 2000's starting at £6098 and the Royales starting at £10,524. It also means that Vauxhall now have five entirely individual cars in this sector, including the roomy Carlton Estate. Most manufacturers just offer you different engines and different specifications. Vauxhall offer you different cars.

### Do you know about Viceroy's luxury specification?

Naturally a car in this class is designed to pamper its driver. Viceroy is no exception. There isn't room here to detail all the features. For that you'll need the new Viceroy brochure, but here are a few items to tempt you.

POWER ASSisted STEERING	CENTRAL LOCKING	ADJUSTABLE FRONT DRIVER'S SEAT	LAMINATED SCREEN	POWER WINDOW	STEREO CASSETTE PLAYER	QUARTZ CLOCK	ADJUSTABLE FRONT HEAD RESTRAINTS	REMOTE CONTROL DRIVER'S DOOR	REAR LAMP TOP MARKING	4-SPEED DOWNSHIFT
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

### Do you know the value of Vauxhall's Master Hire Leasing system?

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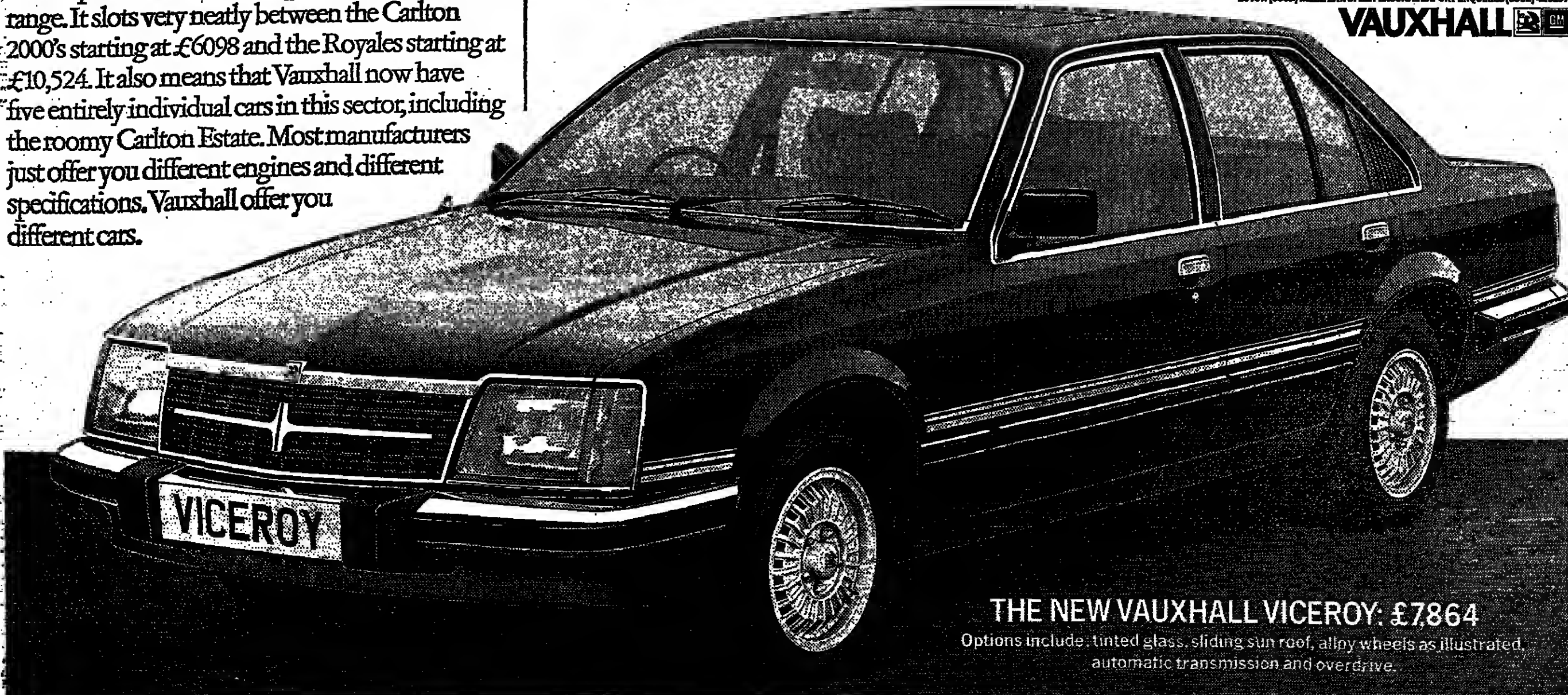
Short term price cutting is one way of moving cars out of showrooms, but we know that people who buy company cars have longer term concerns. Let us talk to you about the kind of sensible, realistic package we can put together for you on the new Viceroy, or any other cars in the Vauxhall range. It might be special interest rates, guaranteed buy-back prices, service deals or whatever we can tailor to your needs.

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## THE WEEK IN THE MARKETS

## Brighton caution depresses shares

THE WEEK began well enough on the stock market. Monday brought evidence of a reduced rate of wholesale price inflation, while expectations of good September banking figures and a consequent cut in Minimum Lending Rate pushed the FT 30-Share Index up 5.1 points on Monday. At the same time the Government Broker was selling about £200m of top stock. Around another £200m was taken up on Tuesday when the banking figures turned out much as expected. But they were no better than they were supposed to be and any prospective fall in MLR had been fully discounted by the gilt-edged market.

The Government borrowing figures on Thursday were also fairly reasonable, although hopes of meeting targets for the year require a lot of revenue to be recovered by next April while spending continues to rise. Concern with its borrowing will have helped to make the Government wary of allowing more monetary expansion. Led by the Chancellor's conference speech, official statements of caution over any MLR cut started Gilt moving down again.

The Stock Market went more rapidly into reverse, as the flow of indifferent results continued

to show the urgency with which companies await a cut in interest rates. Rockware notably passed its interim despite much higher earnings—and others paid up without much cover. News that ICI is considering large redundancies and plant closures in its fibres division shed extra gloom on Friday, as the 30-Share Index fell 8.7 points on the day, bringing the fall since Monday to 18.9.

## Rockware's refraction

It is by no means a hard and fast rule but it is becoming common practice for companies, peering into the mists of second half trading, to malotolo the interim dividend this year in the hope that the final payment decision next spring can be based on more auspicious projections.

Rockware, however, has come straight out and passed the half-time dividend. Given that the historic dividend cost of 2.33p net per share would have been amply covered by earnings of 14p per share, the omission is somewhat surprising. Yet the glassware manufacturer was fully aware that the near three-fold lift to taxable profits to £3.2m merely represented a recovery from the haulage strike

## LONDON ONLOOKER

depression at the beginning of 1979 and a turnaround in the engineering division. The problems in the dominant glass bottle business are more deeply seated.

Demand for glass bottles has slumped since April. In part, that reflects the impact of a soggy summer on the beverage trade but there is no sign that orders are picking up for the important Christmas season.

The trough is deepening. It may be that Rockware delayed too long in making the crucial decision to cut production. Whatever the case, stocks climbed significantly in the first half with the result that interest payments soared from £879,000 to £2.55m. Pruning took place in August and the payroll has been slashed by 1,000 jobs or about a seventh of the total workforce.

A term loan of £10m has been arranged and most, if not all, of this new funding has been absorbed into working capital. Debt may stand at about £35m

against £28.4m last year. The group is forecasting a trading loss in the second half and, to make matters worse, a £3m redundancy bill may well wipe out all the benefit of the first half recovery.

In the circumstances, the decision to forgo the interim dividend is not so perplexing but the group is paying the penalty in the stock market. The shares have underperformed the market by more than a third over the last three months. The loss of income will not be forgotten in a hurry.

Rockware has to walk a tight-rope between excess production and any major rationalisation which would impair its long term ability to respond to a swift rise in demand. The hot summer of 1976 caught the domestic industry unawares and consequently market share was lost to a strong import invasion. The importers appear to have found a permanent niche and, although their estimated share has dropped a bit to around 9 per cent over the last 12 months, the cost of containing competition tightens the margins squeeze still further.

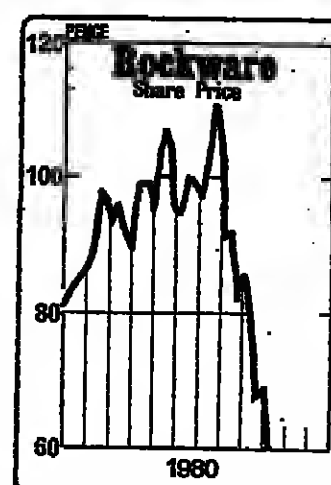
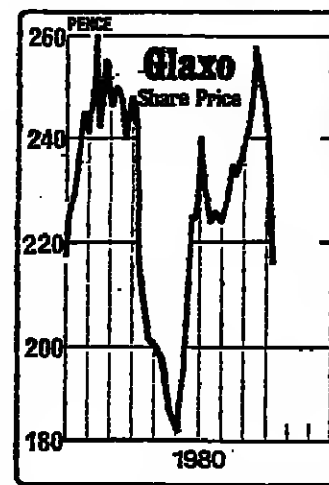
## Glaxo's ulcer

For a supposed growth stock, Glaxo has been unusually volatile this year. This week alone, the shares plunged 40p to 212p, wiping \$50m off the group's market capitalisation.

Investors have been upset in the past four months about the uncertainties surrounding the development of its anti-ulcer drug, ranitidine, culminating in the announcement that the group had failed to reach agreement with the U.S. pharmaceutical company, Merck, on U.S. marketing.

Ranitidine is seen as a likely successor to Tagamet, a compound launched in 1976 by Smith Kline and French. It has been successful in the treatment of ulcers but it is still in the research stage and is expected to appear on major world markets over the next three years.

Unfortunately, the benefits of ranitidine are still some time away and in the meantime Glaxo is having difficulty generating reasonable profits. Part of the decline in the share price this week was attributed to nervousness about preliminary results for the last financial year which



## A deaf ear to the candidates

WITH LESS than a month to go before the Presidential election, the U.S. newspapers are full of President Carter doing this and John Anderson doing that. But as far as Wall Street is concerned, it could all be happening on the moon.

This is not to say that economists are not busy dissecting all the tax-cut and anti-inflation proposals that candidates are stuffing under the electorate's noses. But as far as the actual trading and investing public is concerned, the election is pretty much a non-event.

Wall Street has seen enough campaigns to know that candidates' platforms mean nothing, and that even if someone like Mr. Reagan gets in with his supposed pro-business bias, actual control over economic policy is still more likely to reside in Congress than in the White House.

Cynical perhaps. But why should an investor rush to buy General Motors and American Telephone and Telegraph on the expectation of a Reagan win when the Republican candidate has not even convinced economists that he can square his budget?

So, Wall Street has shut its ears to the campaign, and has been getting on with the far more important task of trying to work out whether the economy is heading for a recovery, and if so, how fast. It

thwarted in all its attempts to get back there since. Anyone looking for more reasons to stay out of the market just now could argue that what strength the market has shown in the last few days has been due to only a couple of sectors: oil and high technology. The oil majors have got a boost from fears of a petrol shortage due to the Gulf war, and they always attract a lot of attention.

## NEW YORK

IAN MARGRAVES

Atlantic Richfield, Standard California, and Exxon were among the biggest gainers.

The high technology stocks were led by IBM which headed the active list most of the week in the run-up to its third quarter earnings announcement yesterday. As expected, this showed a sharp 33 per cent improvement, shaking off the vestiges of last year's sluggishness thanks mainly to its clients' shift back to buying rather than renting computers.

NCR also sported more than \$4 on good third quarter results, and the general excitement swept other stocks along too. The blot on the electronic landscape was Burroughs (now headed by former Treasury

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1980	1980	
	Y'day	on Week	High	Low	Company profit & div. fears
F.T. Ind. Ord. Index	466.3	-13.0	503.9	460.9	
F.T. Gold Mines Index	532.6	+23.1	558.9	265.5	Strength of bullion price
Amstrad	92	+7	122	82	Good results & encouraging st'm't.
Blue Circle	324	-22	379	219	Renewed bid for Armitage Shanks
Burton	92	-15	128	92	Results expected shortly
Cons. Gold Fields	680	+43	680	385	Heavy continental buying
Cons. Murchison	290	-60	502	250	Milling rate cut/no final div.
Crouch Group	155	+17	155	74	Still on U.S. property sales
Empire Stores	128	-16	278	128	First-half profits setback
Freemans (London SW9)	104	-10	160	104	Disappointing interim statement
Glaxo	212	-30	260	182	Fears of possible fund raising
ICI	322	-18	402	318	Concern about fibre businesses
Metal Box	250	-32	318	226	Fears over next month's int. figs.
Minarco	730	+100	738	325	Overseas demand
Pancontinental	370	-45	465	255	Fears of Labor election win
Provincial Cities	37	+6	37	25	Bid approach
Pyke Holdings	35	-10	53	35	Prop. rights issue & estimated loss
Rockware	59	-10	111	58	Forecast of second-half deficit
Thorn EMI	324	-22	380	260	Analysts' pessimism on prospects
Vesper	75	-15	205	75	Int. div. omission & profits fall

## Why gold must keep rising

## MINING

GEORGE MILLING-STANLEY

THE FIRMNESS in the gold price during the three months to the end of September is bound to have a beneficial effect on the profits of South Africa's gold mines, even though the dizzy heights of late January were not approached.

The extreme volatility in the price of bullion over the first three months of 1980 was followed by a period of comparative weakness during the second quarter, and the gold mines' profits for the three months to June 30 suffered to some extent.

Figures for the three months ended September 30 are now starting to come in, led as usual by the mines in the Consolidated Gold Fields group, and they show net profits broadly in line with the excellent results of the first quarter.

Overall, the eight mines in the Gold Fields group realised an average price of \$848, compared with \$834 during the first quarter and just \$558 for the three months to end-June.

Net profits, however, were lower than in the first quarter at R183m (£107m), against R306m. Second quarter net profits were R176m.

Two factors were at work during the past three months to offset the advantage of the higher bullion price. These were the continuing trend towards mining lower-grade ores, and a marked rise in costs.

The gold grade of ore mined in the September quarter was 10.7 grammes per tonne, down from 11.1 grammes in the June

quarter and 11.5 grammes in the March quarter. As a result, although the tonnage mined increased by 2.1 per cent between the second and third quarters, the quantity of gold produced was 347 kg lower at 36,277 kg, a fall of just under 1 per cent.

In most cases, ore grades are dependent on mining practice; whenever the bullion price is strong the lives of the mines can be extended by mining lower-grade ores. This is a process which can be reversed without too much difficulty, as we shall see if the gold price starts to display serious weakness.

What is far more serious from the gold producers' point of view is the relatively sharp increase in costs between the two most recent quarters.

The average cost per tonne of ore mined rose in the September quarter by 7.7 per cent, and Gold Fields said that this was due both to the generally inflationary trend of the South African economy and to the usual quarterly adjustments to wages.

Wages in the South African mining industry, especially for black workers, have been rising more rapidly than the general rate of inflation for some time now, as it has become more widely recognised that black workers have been poorly paid in comparison with blacks in the rest of the country's industry.

Anglo American Corporation said recently that blacks were still at a disadvantage, despite pay rises of almost 17 per cent in 1979.

On July 1 of this year, the Chamber of Mines of South Africa, which negotiates all labour matters including minimum wage rates for the country's major mining concerns, announced rises of

between 15 and 28 per cent in minimum starting rates.

These increases applied to some workers in platinum mines as well as to coal and gold miners, and the Chamber said that they should bring wage rates in these branches of the industry more or less into line with those which apply in other industries in the country.

This would suggest that future wage rises are unlikely to be of the same order, and thus that the wage element in cost increases will be reduced. Nevertheless, rising costs are worrying South Africa's gold producers, and are the main reason why they would welcome a steadily rising bullion price in order to keep profits moving ahead.

Staying in South Africa, but turning from gold to platinum, this week's results from Rustenburg Platinum Holdings for the year to August 31 were in line with most expectations, with net profits 81 per cent ahead at a record R124.1m (£69.5m). The dividend was doubled to 40 cents per share.

Like gold, platinum is a medium for investment and speculation, as well as jewelry and industrial use. In fact, with the firmness in general demand for industrial purposes largely offsetting a fall in demand from the Japanese jewelry industry and the U.S. motor industry, the upsurge in investment and speculative buying over the past year proved to be the mainstay of profits growth.

Unlike gold, platinum has a dual price structure. The strength of the free market price during the past 12 months has enabled Rustenburg to raise its producer price from \$320 per ounce to \$420 in December, 1979, and further to

\$475 in August. The current free market price is a little under \$700 per ounce, which should leave the producers scope for further increases in the coming year.

Following the record profits, Rustenburg is now in the happy position of having repaid all its debt, and in addition has cash deposits of more than R42m.

This should mean that the company's financial base is strong enough to withstand any further falls in demand from Japan and the U.S., provided that the current popularity of the metal as an investment medium does not disappear altogether. There are no signs of that happening at present, and Rustenburg thus has every reason for confidence.

Further signs of confidence within the South African mining industry were demonstrated this week by the Lomro group's Duiker Exploration and General Mining Union Corporation's Trans-Natal Coal Corporation, both of which announced rights issues to finance major developments.

Duiker is seeking R19.6m as part of its share of the financing of the new gold mine planned for the Erfdeel-Dankbarheid area in the Orange Free State. The greater part of the estimated R400m cost of the mine is expected to be financed by loans and out of the new-comer's earnings.

A new company, Eastern Gold Holdings, is to finance the net cost of developing the new area. Duiker's stake in this company is 36 per cent, with the remainder held by Anglo American (44.5 per cent), Western Holdings (10 per cent) and Anglo American Gold Investment (9.5 per cent). Trans-Natal hopes to raise

## MINES IN THE CONSOLIDATED GOLD FIELDS GROUP

	1980	1980	1980	1979
	Sept. Quarter	June Quarter	Mar. Quarter	Quarterly Average
Average gold price per oz	\$648	\$558	\$634	\$300
Costs per tonne of milled ore	R37.75	R35.04	R33.23	R30.54
Gold grade of ore milled (grammes)	10.7	11.1	11.5	13.3
Gold production (kilogrammes)	36,277	36,624	37,451	40,901
Net profits	R193m	R176m	R206m	R105m

R79.9m as a first step towards the financing of a large programme of expansion. This programme includes further development of the Hloboane colliery, the completion of the Matla colliery and conversion of the Optimum mine to full open-cast operation.

The market in Australian mining shares is a notoriously volatile place, and the events of this week must have set many an investor's heart a-flutter. Opinion polls predicting a win for Labour in next Saturday's Federal Elections cut the prices of such leading stocks as CRA, MIN Holdings, and Western Mining by around 14p each on Tuesday. Uranium stocks were also badly hit.

On Wednesday, demand for the leaders picked up in the afternoon, but the recovery did not extend to uranium, where further falls were recorded.

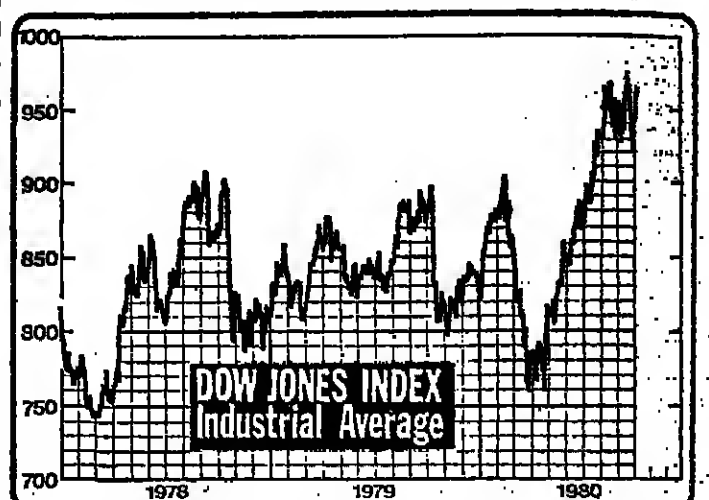
Thursday saw a further rally, somewhat more broadly based, and then the publication of the results of another opinion poll forecasting the return of Mr. Malcolm Fraser's Liberal Government enabled the Australian share market to close the week in fine form. Those seeking advice as to

what to do about all this are reminded that opinion polls completely failed to predict the extent of the swing to the Liberals in the last Australian elections, and should therefore be ignored by any investor who wishes to sleep at night.

There is no sure way of knowing the outcome of any election before the results are officially announced, and this applies especially in Australia, where pollsters have no option but to record many people as "don't knows" even when this may not be the exact form of words in which the response is couched.

Another point to bear in mind is that good quality Australian mining shares should be regarded as a long-term investment, and therefore to dispose of them on purely short-term considerations would be an act of folly.

Beyond that, there is a distinct possibility that fears of a Labour victory will be overdone in the share market, and even if Mr. Fraser does lose the market could well rise immediately afterwards as investors realise that such an eventuality has already been fully discounted.



is also worried about the Iran-Iraq, and the possible impact on oil supplies, and to cap it all, corporate America has run smack into the third quarter earnings season which could produce some interesting results.

The captains of industry had a chance to air their collective views at the annual autumn get-together of the Business Council at the sumptuous Homestead resort in Virginia yesterday. They seem to think that a mild recovery is on the way, and that interest rates will go down—sometime.

This is not earth-shattering, but it is quite encouraging for someone wondering whether he should commit funds to the market.

Even so, interest rates seem to be holding up. No one can say the prime rate this week (Citibank even held it grimly at 14 per cent all by itself, 1 per cent higher than everybody else) and though last week's money supply figures showed the first drop in more than a month and gave the market its big fillip on Monday, the fund did not last.

ominously for stocks, deposits in the competing money market mutual funds have begun to creep up again as investors seek out the higher yields.

All this adds up to enough uncertainty to give the market quite a strong resistance level somewhere between 960 and 970 on the Dow Jones Industrial Average. The summer bull market peaked out at 974.57 on September 22 and has been

Secretary Michael Blumenthal) which has been having trouble bringing new products on line and saw its earnings slump by a third.

The banks also produced some good results this week. J.P. Morgan, First National of Boston, Chemical and several regional banks were well ahead thanks to the favourable impact of rising interest rates on spreads. Metal stocks also tended to be pulled higher by rising bullion prices.

It was also the week when companies dumped loss-making businesses. Chris-Craft, synonymous with leisure boating, said it would stop producing boats and concentrate on the new fields it has moved into: aircraft (it owns Piper), entertainment and broadcasting.

International Harvester is to discontinue production of jeeps now that talks on a possible rescue have fallen through. And the shutters also went up on another long-running story Agache-Willett, the privately-held French stores group, said it will close down the entire Korvettes chain by early next year.

The New York department store business has brought nothing but problems and debts since the Frenchmen bought it for \$42m just 18 months ago.

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WEDNESDAY	943.99	+3.32
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## UNIT TRUST AND INSURANCE OFFERS

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## FINANCE AND THE FAMILY

## Personal effects and a will

BY OUR LEGAL STAFF

In accordance with my sister's will, I am entitled to her "personal effects." Do these include money and travellers cheques in her handbag at the time of her death? Does a death grant from a superannuation scheme go to her next of kin (myself) or to the charity which gets the remainder of her estate? The cash and travellers cheques would not be included in "personal effects." The death grant falls into the estate and thus increases the amount available for the charities.

## VAT and central heating

Under Central Heating and VAT (August 23) you stated that the expense involved in converting from an oil to a gas boiler was liable to VAT. If an extra radiator was put in somewhere, do you not agree that zero rating for VAT would apply?

We do not think that your suggestion will be effective in obtaining zero rating. The Customs & Excise practice is that the replacement of a boiler will only be zero rated if the replacement is of appreciably larger heating capacity and the replacement is made in conjunction with the supply of additional radiators.

## Registrar and bias

My husband's ex-wife's solicitor is assistant registrar at the magistrates court at which my husband's maintenance order is registered. Is this possible and if so, is there anything we can do about it since both we

and my husband's solicitor feel it is biasing the registrar in his decisions? Secondly, my husband's ex-wife is still on legal aid even though her income is considerably higher than that which she originally declared when making her legal aid application. She says that since she is on legal aid and it costs her nothing she can go to court for maintenance variation as often as she wishes. Can anything be done about this?

Your husband can apply for the transfer of the cause to a more convenient court where no question of bias would arise. It is possible to apply to the area Law Society to revoke the legal aid certificate, although that is seldom done.

## An additional pension

Referring to your reply under An additional pension (July 28), do I, as an employee, have the right to insist that my AVC (towards which my employer contributes no money) should be invested with a particular insurance company? If the trustees, who are synonymous with the employer, refuse this, is there some outside appeal?

An employee does not have the right to insist that his AVCs should be invested with a given insurance company. He simply has the right to invest in the company superannuation fund or not. You have no right of appeal to any outside body over the way in which your employer's pension fund is managed. You have a free choice whether to pay AVCs or not.

The only circumstances justifying action against trustees of

a pension fund is breach of capital gains tax on the gain arising when the liquidator distributes the company's net cash balance to her (as will the other shareholder).

## Liability for causing damp

My neighbours in the flat above frequently allow their bath to overflow with the result that water runs out of the overflow pipe down the outside wall of my flat. Signs of damp are now appearing on the inside walls. Are my neighbours liable for the cost of redecoration? You probably can make a claim against your neighbour in negligence, nuisance, and under the absolute liability known as the rule on Rylands v. Fletcher. You should consult a solicitor. If the neighbour does not accept liability.

## Gains on sale of business

I am 73 and my wife is 77. Our family trading company ceased trading in July 1977 and it is now proposed to go into liquidation. Will the company be liable to capital gains tax on the sale of the premises? My wife holds £14,000 out of a total of £15,000 shares. Will she have any tax to pay?

There are two distinct tax bills in the offering. First, the company is chargeable to corporation tax (at 30 per cent effectively) on the gain arising on the sale of the freehold. Secondly, your wife will be chargeable to

## Trees blocking light

My horticulturalist neighbours have planted a line of cypress trees on my boundary. My kitchen window is only eight feet from this line of trees and they expect them to grow to at least 30 feet. Long before they reach 30 feet, my kitchen will be practically without light because of the solid

## No VAT on services in Australia

I hold shares in Australia, which in accordance with the Bank of England ruling are held by an approved agent in Australia. I am advised by the Overseas Department of my UK bank that the safekeeping charges arising in Australia are liable to VAT because I am resident in the UK. This puzzles me. Do you think this is right?

We should point out to you that there is no longer any Bank of

## Rights to a company pension

In the reply to Rights to a Company Pension (July 28), it sounds as if the pension scheme is entirely at the discretion of the employer if funds are separately invested and administered by trustees. Does my reply as it stands still hold? I can see that a company could possibly decide not to make further contributions to a pension scheme, but in those circumstances would the members not have the right to

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

density of the cypress hedge. What redress have I against the lack of light in my kitchen?

As your cottage is more than 20 years old (and assuming that the kitchen window is likewise) you are entitled to restrain your neighbour from infringing your right of light. You should write to the neighbour now warning them not to let the trees grow to a height which would infringe your right. If no steps are taken to keep the trees to a reasonable height you can either lop them yourself or apply to the court for an injunction requiring them to be lopped.

England rules in relation to how you own your Australian shares. You are free to hold them yourself without any restriction. We share your puzzlement as to the suggestion that you could be liable to VAT on services rendered to you by an Australian bank. If your bank in the UK is passing on to you the charges made by an overseas bank, they are presumably acting as an agent for that bank and should therefore not add VAT on to such charges.

demand an actuarial valuation and to decide the future of the fund as at that stage?

If an employer exercises his right to discontinue future payment of contributions this action need not lead to what you seem to envisage as a "members takeover". The situation will be covered by the Trust Deed and Rules and there are many possible results. The fund might continue as a closed fund or be determined. Members might only be entitled to benefits computed in accordance with service to date and salary at the date of cessation of membership, i.e. as at the present cut off point. If there is enough money in the fund to finance such existing entitlements the Trust Deed will often provide for any surplus to be used at the discretion of trustees to augment specific benefits within overall fund limits. In the last resort (under many schemes) any surplus would go back to the company and be treated as a trading receipt of the company in the year in which it was thus repaid.

## A question facing many commuters ... the problem of car sharing



## How insurers help you to keep out of a jam

## INSURANCE

JOHN PHILIP

EVER SINCE the cars were invented, motorists have shared them—taking family, relations and friends for holidays, days out, shopping, and commuting to and from work.

As local public transport services have diminished, so successive Transport Ministers have encouraged car sharing, particularly in the rural areas.

So much so that when the 1978 Transport Act was on the Parliamentary production line, insurers' help was enlisted—and insurers then agreed to allow private motorists to enjoy some financial recompense for car sharing without falling foul of standard "hire" exclusions they continue to apply.

Have a look at your statutory certificate of motor insurance and you will almost certainly find a number of such exclusions—use for hire or reward, use for the conveyance of passengers for hire or reward, use for hiring, to mention but three that appear in my own certificate.

Commonsense interpretation of these words, reinforced by legal decisions reached over several decades, used to mean that the motorist who drove friends to the station could not take any contribution for expenses without running the risk of insurers saying that he had no cover, or of police bringing a prosecution for uninsured use.

This was still the strict legal position in early 1978, though by then insurers and police recognised that many motorists were inadvertently or deliberately contravening their policy exclusions and therefore driving unlawfully—and turned a blind eye to the situation.

There was the further com-

pliation that the laws at the time caught the private motorist who regularly engaged in car sharing in the Public Service Vehicle Licensing net.

So the Ministry of Transport decided to modify the PSV laws. And in the summer of 1978 British motor insurers, recognising the need for a change told the Government they would undertake to interpret hiring limitations and exclusions in policies and certificates to allow car sharing for payment so long as that payment did not provide the motorist with a profit.

During last year's renewal cycle all insurers brought this fact to the notice of existing private motor policyholders, while extra clauses were added to new policies. Insurers now make it clear that the various hiring exclusions do not apply to the acceptance of a contribution towards the cost of petrol, and other running costs, such as the need from time to time to replace battery, tyres, the need to have insurance, and so on.

Insurers were and still are most anxious to prevent any one providing a local private hire service under the shroud of offering car sharing facilities for a contribution: there is a deal of difference between the private motorist who provides a service for friends, and the motorist who in reality is running a passenger carrying business—and this difference is reflected in the insurance pre-

mium each is asked to pay. The criterion of profit is used to establish the dividing line, but profit is not an absolute: what constitutes a profit must vary from one motorist to the next, depending on the size and type of car, its particular petrol consumption, running costs, and so on.

There are thus no fixed charges per mile which can be said either to have or not to have any profit element—each motorist must do his own sums. In practice by and large most motorists underestimate the cost of owning and using their cars, and so most will almost certainly undercharge their passengers, thereby keeping on the right side of insurers' undertakings.

In the two years since insurers gave their undertaking to Government there has been no evidence of abuse of this relaxation of the hiring exclusions, even though the undertaking included not just small or average private cars, but all vehicles insured under private car policies "not constructed or adapted to carry more than seven passengers (excluding the driver)".

This week a new Transport Act has come into force which has enlarged a little further the possibilities for car sharing. An amending clause in the new Act refers to a "vehicle not adapted to carry more than eight passengers"—and as legally passenger is distinct from driver, insurers have now to apply their 1978 undertaking to slightly larger vehicles provided they are insured under private car policies. The nine-seater vehicle is now within the "car-sharing" rules.

## All in the cards

## STAMPS

JAMES MACKAY

POSTAL STATIONERY may be defined as any item which has printed on it some indication of the prepayment of postage, and this includes envelopes, postcards, lettercards, wrappers and aerogrammes which usually bear the impression of a stamp on them. Postal stationery goes back much further than adhesive stamps. De Villayer's Petit Post, organised in Paris in 1853, used special wrappers inscribed "Billet Port Payé" and these would rank as the world's earliest postal stationery if any of them should come to light. These wrappers were ripped off when the letter was opened, and this probably accounts for the fact that none of them has survived.

Stamped stationery next appeared in Sardinia in 1818, but as the stamps depicting a horseman were used to denote the payment of a government tax which had been instituted as a tax on correspondence, the

Cavallini as they are known, cannot be strictly regarded as postal stationery in the true sense. Nevertheless, these covers are of immense interest to collectors and they have even been forged.

The first examples of postal stationery in the modern sense appeared in Sydney, New South Wales in 1838. Sheets of notepaper bearing the embossed coat of arms of the colony were sold for a penny and could be used postally within the Sydney area. These letter sheets did not prove to be very popular but they remained in use for several years. Those used in the earlier period are very scarce and are highly prized by philatelists. Several different designs of the embossed stamp are known to exist.

Württemberg and Finland both had stamped stationery before they adopted adhesives, and it should be remembered that Rowland Hill originally pinned his faith on the pictorial envelopes and wrappers designed by William Mulready, and proposed adhesive stamps almost as an afterthought. Adhesives were much more flexible than stamped stationery, however,

and they have always been infinitely more popular with the letter-writing public. Postal administrations persevered with stamped stationery, usually for the sake of convenience, or in the hope of inducing the public to use stationery of a uniform size and weight. Postcards, invented in Austria in 1869 and adopted in many countries (including Britain) a year later, came into this category and for many years only pre-stamped cards were permitted. Reply-cards were introduced in 1883 but with the advent of business reply cards demand for them fell sharply and production ceased in 1970.

Letter-cards with perforated

borders came into use in Britain in 1882 and have been fairly popular ever since. Stamped letter sheets, issued from 1840 onwards, gradually declined in popularity in the 1860s as envelopes became more fashionable. They were revived in Britain in 1941 to serve an entirely new purpose, in an entirely new medium. They were provided so that British prisoners of war could write home and this explains their inscriptions in German and Japanese as well as English. These POW airmail sheets were soon extended for military and civilian use, and continue to this day as aerogrammes. Although Britain takes the credit for inventing the aerogramme, air-letter cards were pioneered by Douglas Gumbly in 1933 for use in Iraq, where he was then Director of Posts. This has been ignored by Iraq, but Gumbly recently paid tribute to Gumbly by issuing a pictorial aerogramme to mark the centenary of his birth.

It is as a commemorative medium that postal stationery is enjoying something of a revival with philatelists. This is not a new idea, since Britain and New South Wales both celebrated the gold jubilees of their penny postage systems with pictorial cards and envelopes in 1889-90, and many European and American countries issued stamped postcards with commemorative vignettes and inscriptions at the turn of the century. Stationery went out of fashion with philatelists because of its sheer bulk, but it has always enjoyed a steady following among specialist, one-country collectors. In the period between the world wars many countries, notably France, Germany, Czechoslovakia, Austria and Switzerland, issued stamped pictorial cards in long sets aimed at the tourist trade.

Sweden changes the design of its stationery at regular intervals, using a thematic in the impressed stamps. The latest series takes children's games as its subject and depicts a girl on a swing (IKr 40 postcard), a boy with a hoop (IKr 50 letter card) and kite-flying (2 Kr aerogramme). Although England had pictorial aerogrammes in 1965, featuring the Tower of London and the Houses of Parliament, tourist aerogrammes are now largely confined to Scotland, whose latest issues have featured military uniforms and historic artifacts in the National Museum of Antiquities, to celebrate the bicentenary of the Society of Antiquaries.

Stationery is often used nowadays to publicise or commemorate events and personalities which the issuing country does not consider quite worthy of adhesive stamps. Italy has just released a charming card publicising the Pesce Flower Centre, while the United States is issuing a 10c postcard on October 7 marking the bicentenary of the battle of Kings Mountain, North Carolina.

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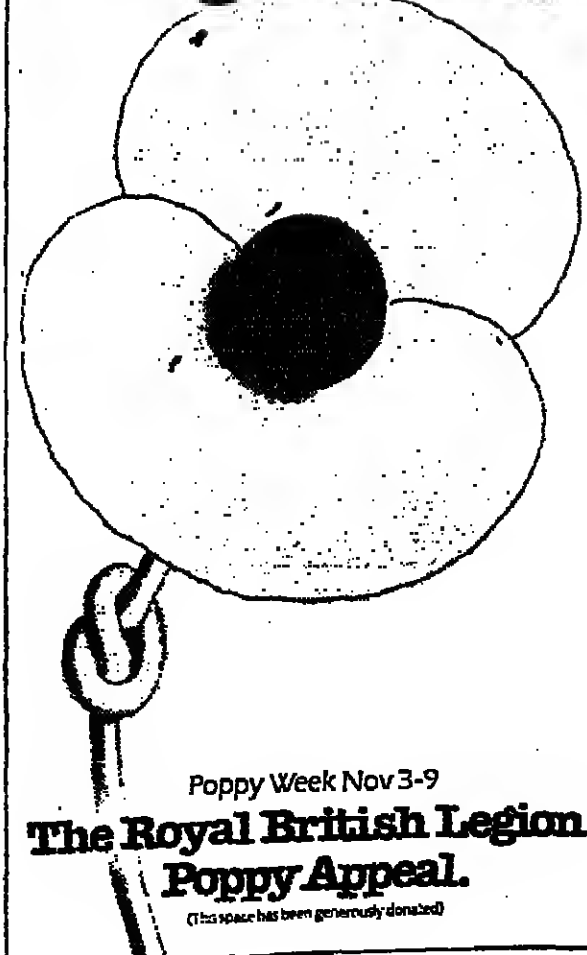
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Eric Short looks at the school fees snowball

## No fun for parents

WITH THE children back at school after the summer break, father's worries start all over again. The problem of school fees escalates every year—just how much is shown by a second survey of clients' financial circumstances made by C. Howard and Partners, school fees specialists.

In spite of all that is offered in the way of saving ahead out of income and making use of capital, the only way that many people pay for their children's private education is out of net earnings at the time the children go to school.

The survey shows that fees on average have risen by 48 per cent over the past two years from £1,616 to £2,389 in the spring of 1980.

The average father's earnings have improved by only 31 per cent from £11,870 to £15,542, those of mothers who go out to work by only 12 per cent from £2,600 to £2,919.

Not surprisingly the amount spent on children's education rose from 17.9 per cent to 22.9 per cent of the family budget.

Yet the demand for private education still remains strong and not only for the rich. Less than 4 per cent of fathers earned over £30,000. Over half the clients interviewed earned between £10,000 and £20,000 and almost one-quarter earned less than £10,000.

It is difficult to envisage how fathers in this lower earnings category can afford to have even one child educated privately, given that fees have to be paid out of net income.

The family income is being increased mainly by wives going out to work and by father taking a second job. In nearly half the families, wives went out to work (and were exploited in the process) and in half these cases the job was taken solely to help pay the fees.

The survey carries the hidden message that the only way to ease the burden when the time comes is to save in advance from income and to be prepared to make proper use of any capital available.

If parents start early enough so that there is at least 10 years before the main fees are payable, then savings can be made through a series of endowment contracts—either with profits or unit-linked—getting the tax



A worry for mother... must she work to keep a family at school?

credit available on life assurance plans and having the ultimate policy monies paid free of income, higher rate and capital gains tax.

For less than 10 years, index-linked SAYE contracts (particularly when the new £50 limit comes into operation),

UNIT TRUST SURVEY  
The Financial Times is publishing next Thursday a six-page survey on Unit Trusts.

building society linked plans, bonds and other saving schemes can be used.

There are indications in the survey that more parents are getting the message and seeking specialist help earlier.

The survey attempts to measure what capital resources are available to families. Over 90 per cent had some disposable capital, excluding their house and family business, but nearly half of these had less than £10,000.

But one quarter of the sample had between £10,000 and £25,000 and for these it may be worth while looking at the capital schemes available.

C. Howard and School Fees Insurance Agency both operate capital schemes as charitable trusts whereby the subscriber has the benefit of tax exemption. But if the capital is in the form of paintings, antiques or similar objects it may pay to hold on until the last minute.

In the two years between the surveys the proportion of people receiving help from other members of the family has risen from 20 per cent to 35 per cent. Grandparents still remain the main benefactors, either directly or through family trusts. But it is still not certain that the help is being given in the most tax-efficient manner.

It appears that grandparents are handing over lump sums rather than making annual payments.

Since last year, the best means of passing on money to children is by means of a covenant—the children thereby reclaiming tax. But this means pledging payments for at least four years. It looks as if this tax efficient method is not being used as much as it might be.

\*School Fees Research 1980 from Sue Douthett, C. Howard and Partners, 177, Regent Street, London, W1E 5UZ (telephone 01-734 8631).

THE FOUR thousand or more members of Lloyd's of London, who are planning to meet in the Royal Albert Hall on November 4, do not expect to listen to a performance of George Frederick Handel's Royal Firework Music ahead of Guy Fawkes night.

Nor do they want to celebrate the outcome of the American election prematurely, which is to be held on the same day.

The members who are attending out of a total Lloyd's membership of 18,552 will be there to authorise the ruling Committee of Lloyd's to promote a new Act of Parliament and to accept, at the Committee's discretion, any amendments proposed during the Bill's passage through Parliament.

It will be the first time the members have been asked to do this since 1951 when the last Lloyd's Act was brought into being to amend other Acts of Lloyd's from 1871 to 1955.

The latest legislation is designed to improve Lloyd's self-regulatory mechanisms after a series of scandals in the market during the last two years.

To gain the approval of the membership, which supports the market through committing its wealth, Lloyd's is attempting to yoke together two rather alien procedures.

A procedure devised in the last century by the Earl of Wharfedale laid down the following. Before a Private Bill—a Bill promoted by private interests and not by the Government nor by an MP (a Private Member's Bill)—can be presented to Parliament it has to be first approved by those concerned voting either in person or by proxy at a meeting.

A majority of 75 per cent is required to carry the day. That

## Remember the fourth of November

is the parliamentary procedure. Lloyd's, of course, has its own rules.

Lloyd's has its own bye-laws. Bye-law 38 says that a resolution brought forward at a general meeting shall be decided by a show of hands or a division, unless a ballot is demanded by six or more members present, which ballot shall be taken at a subsequent meeting (summoned for that purpose) to be held within 15 days of the meeting at which the ballot is demanded.

If that ballot is demanded under Lloyd's bye-laws it will deprive the proxy voters of a say in a matter.

To vote under a Lloyd's bye-law ballot the members would have to turn up at Lloyd's in person to vote.

"We cannot change the standing orders of Parliament," Mr. Peter Green, Lloyd's chairman, has told members, "but we can adapt our rules. As this meeting is concerned with matters of such importance to the wellbeing of Lloyd's, I hope you will not wish to exercise your right to call for a ballot under bye-law 38 and that you will allow us to comply with Parliament's standing orders."

In 1951 somebody did attempt to urge the bye-law procedure to be followed but was talked

out of it by the then chairman of Lloyd's.

The vested and sectional interests of Lloyd's are much greater than they were in 1951, and the majority of the meeting will be formed by those that work at Lloyd's rather than those who put up the capital and take profits. So Lloyd's is holding its breath. The draft bill as amended by Lloyd's committee is not popular in all sections of the market. But any resistance is likely to be overwhelmed by the proxy votes now pouring into Lloyd's in favour of the bill. Will any rebel decide to disoblige the proxy vote by calling for a ballot?

The draft Bill as amended by Lloyd's committee is not popular in all sections of the market. But any resistance is likely to be overwhelmed by the proxy votes now pouring into Lloyd's in favour of the bill. Will any rebel decide to disoblige the proxy vote by calling for a ballot?

In any event even if a ballot is called Lloyd's still has time to meet the parliamentary deadline of November 27 for inclusion of its Bill in the legislation of the next session.

John Moore

## The blue-collar bank

AVCO TRUST, one of the new breed of U.S. banks and finance houses entering the UK retail market, opened its first "retail bank" in Sunderland, Tyne and Wear, yesterday.

An advertisement in the local paper, the Sunderland Echo, proclaimed the message which Avco hopes to get across: "A new kind of banking service provided specially for you."

"Walk into Avco Trust and you'll notice the difference. Instead of cold, impersonal counters you will find a friendly, open-plan office where you can sit down, relax and talk to interested people who will give you expert advice on how to handle your money."

The Avco branch is indeed very different from the typical high street clearing bank branch. There are no grilles or reinforced glass partitions separating staff from the customers.

The staff are not at all like the bank staff we are used to but are chosen so as to identify with the blue-collar workers Avco is aiming at. Indeed, Avco says its personnel are taught that, above all, they must never talk down to customers and to cut out financial jargon which goes over the head of the average man in the street.

"The essence of our operation is to take the mystique out of banking services," Mr. Adrian Bloomfield, Avco's treasurer, said. The services which Avco provide include current accounts with the usual 500 cheque guarantee card. Avco will actually pay the customer 5 per cent interest on his credit balance, as well as providing all services free as long as the account is in credit.

Avco is also offering a range of fixed-term, fixed-interest deposit plans which give the customer a guaranteed return on his money.

The chances are that more people in Sunderland will be making use of Avco's credit facilities than its deposit-taking services. Ironically, the town has an unemployment rate well above the national average.

When it comes to opening hours Avco also has an advantage over the clearers. The Sunderland branch will be open from 9 to 5 each weekday and from 9 until 12.30 on Saturdays.

Avco, like several other U.S. banks and companies with banking ambitions has identified the UK retail banking market as an unparalleled growth opportunity. This is hardly surprising since between 40 and 50 per cent of UK adults still lack a bank current account.

"The market is fantastic out there. Somebody is going to crack it and we think we can do it," Bill Barrett, the Dubliner who heads Avco operations for the UK, says.

For the present, however, Avco prefers not to say anything that might upset its clearing bank friends. This is because it depends for its funding on these same banks.

The result, of course, is that Avco charges higher interest rates for its loans and overdrafts than the clearers. At present an overdraft will cost around 23 per cent while personal unsecured loan rates range as high as 40 per cent.

The story behind the opening of the new Avco Trust branch in Sunderland had its origins earlier this year when Avco Financial Services, a Reading-based consumer finance organisation purchased Red Dragon Securities, a business with a banking licence which was established in Sunderland.

The key to Avco Trust's future expansion lies in the 30 branches of Avco Financial Services which have already been set up since the company opened in the UK in 1972. Avco intends to merge the activities of the two companies.

Mr. Barrett claims that 150 branches of Avco Trust will open during the next 10 years.

Michael Lafferty

## Just what is there left for the successful businessman?



For the man or woman who works hard at making a success of business there should be appropriate rewards.

Unfortunately it's becoming more and more difficult to find them, let alone pay for them. Personal tax coupled with inflation make it almost impossible to earn enough to afford a lifestyle to which you would like to become accustomed—or perhaps once were.

As a clergyman said recently, "It's no longer a sin to be rich. It's a miracle."

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You can find out more about how NPI can help those who put everything into their business from any good professional advisor. Or write to us direct, (stating whether you're self-employed, employed as a director, or a partner) to Norman Worley, National Provident Institution, 48 Gracechurch Street, London EC3. We'll send you a leaflet which explains the basic details. It's free. And it will show you the right way to go about getting what's left for the successful businessman.



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## YOUR SAVINGS AND INVESTMENTS-2

Our taxation correspondent, David Wainman, explains the background to the loophole that allowed the Vestey family to pay a minimal amount of tax.

## No one takes much credit from the tax wrangle over the Vestey empire

My lords in this complicated case at least one thing is clear and that is the urgent need for the reconsideration by Parliament of the terms of (what is now) S.478 Income and Corporation Taxes Act 1970. If the conclusion I have reached as to the construction of the section is accepted, then there is indeed a gap...

THE QUOTATION is from the speech of Lord Dilhorne on November 22 1979 when the Lords unanimously dismissed the Inland Revenue's appeals, and upheld the cross appeals of six members of the Vestey family.

The case had in the previous two years been taken to the High Court twice by the Revenue—after they had failed to exact all the tax they wanted on the basis for which they first contended, they had tried unsuccessfully a second time putting forward entirely different arguments.

Their appeals from those decisions of Mr. Justice Walton, by-passed the Court of Appeal, and went straight to the Lords under what has come to be called the leapfrog procedure in the Administration of Justice Act 1969.

The case arose from a trust set up in 1943 by the second Baron Vestey and his uncle Sir Edmund Vestey. They were the heads of two branches of the family, and it was succeeding generations of their families rather than themselves that they intended should benefit from the trust.

The assets put into the trust comprised certain ranches, cattle breeding properties and freezing works throughout the world, valued at that time at £18m. On the day after they received them, the trustees leased them to Union Cold Storage Company.

The rents which the trustees received were to be accumulated to form what the trust deed refers to as a "rental fund," this fund itself being intended to be divided eventually between the branches of the family. In turn, the income which arose during the build-up period from investment of the accumulating rents was itself to be accumulated.

There was a clear implication that the original settlers had chosen to establish the trust using Northern Irish law, although neither assets nor trustees were located in that country, because it permitted a longer accumulation period than English law.

Accumulation of income within a trust is no particular sin. The trustees will themselves pay tax on it at the basic rate of tax, and since 1973 have been charged an additional 15 per cent.

If the beneficiaries are liable to tax at rates higher than those, they will generally pay the excess at the time the accumulations are released to them. There is thus a deferment rather than any elimination of the higher rates of tax.

But using non-resident trustees used until the mid-

1930s to provide an easy escape route. Trustees living in South America who received rents there from properties around the world (but not in the UK) would not be liable to UK tax. And if the terms of the trust allowed them to make payments out of the capital fund, the recipient could have cash without tax liability.

In 1936 and 1938 Parliament moved to stop this abuse by introducing what is now Section 478 Taxes Act 1970. The thrust of this exceptionally complex legislation can be gauged from the following brief, and perhaps dangerously over-simplified, summary.

Its preamble states that its purpose is to prevent tax avoid-



Lord Vestey, chairman of Union Cold Storage

LORD VESTEY and his family run a meat trading empire extending from Australia to the high streets of most British towns.

The Vestey operation is a classic example of the vertically integrated enterprise extending right from basic production to eventual retail.

Starting with cattle farms in Australia it includes slaughtering, canning, trading, cold storage, import/export, shipping, marine insurance, distributing and retailing of meat. In Britain its best-known manifestation is the chain of Dewhurst high street butchers shops.

It was started around the turn of the century in Liverpool by two earlier Vestey brothers. Originally general merchants, they became involved in the meat business shortly after World War One



Mr. Edmund Vestey of Union International

Revenue had persuaded the Lords in the Congress case that the section required only that the individuals mentioned in subsections 1 and 2 be taxable here—the words were not to be interpreted simply as references to the individual in the preamble who had transferred assets.

The Revenue therefore claimed that Subsection 2 entitled them to assess each and every one of the six Vestey trusts on the whole of the trust income, not only in those years in which they received capital sums, but in every year thereafter, for life.

Apparently insensitive of either injury or insult to judges who care about equity and equality in taxation, and about the rule of law, the Revenue then claimed virtuously that they would concessionally reduce the assessments to a figure equal in the aggregate to the trustees' annual income.

Their alternative claim that the Vestey trusts had "rights" giving them "power to enjoy income" failed absolutely. But their main claim proved totally absurd to the Law Lords—the latter could not imagine that Parliament had envisaged Subsection 2 having the penal effects its words clearly spell out, nor that the law could or should entrust to the tax collecting authorities such powers to remit tax by concession—and thus to decide who should and who should not be taxed, and on how much.

The Lord's solution last November was to decide that Congress need not remain a blinding precedent; that the Revenue's absurd and offensive contentions could be avoided only if in cases similar to the Vestey's the section were to be reinterpreted. It should apply only where it was the transferor himself who was the recipient of the capital sums in Subsection 2.

That is the size and shape of the loophole which was opened last November. "Passive" beneficiaries could receive capital sums without the tax liabilities which they and their advisers had until then assumed inevitable. "Active" transferors would still be liable.

All those operating in this field until last November thought the law said otherwise, and overseas trusts designed to provide capital to UK residents appeared fairly unenticing.

On the heels of Lord Dilhorne's demand for reform with which we started this article, (a demand now picked up by the Chancellor) it does not seem likely that many new trusts would have been created just to exploit so temporary a gap in the law.

Is this a total collapse of the British tax system or merely a slightly unsavoury case out of which neither the Vestey's, the Revenue, nor Parliament emerge with much credit?

FINANCIAL problems facing redundant home owners in search of new work are underlined in the latest house price and mortgage statistics published by the Nationwide Building Society.

These show that there is still as much as £12,500 difference between the price of an average home in the North of England compared with the average price of a home in outer London. This is despite the fact that house prices in the north are estimated to have risen by 4 per cent on average during the third quarter of this year compared with only a 1 per cent rise in the outer London metropolitan boroughs.

The disparity between house prices in the relatively more prosperous south east and those in more depressed regions becomes greater when individual categories of housing are

### HOMES

ANDREW TAYLOR

considered—particularly those in the higher price bracket.

For example, the Nationwide figures show that an average modern detached home in the East Midlands would have cost around £27,000 during the third quarter of this year. A similar home in the Greater London area would have cost just over £35,000.

The figures may be only a rough and ready guide but they do illustrate just how difficult it is in many cases for home-

owners to uproot their families to move to areas where work is more plentiful. When Mrs. Thatcher suggested that workers unable to find jobs should move to areas where employment is available she overlooked to explain how the home owner should raise the cash to overcome some of the sharp differences in house prices around the regions.

Even those with the benefit of sizeable redundancy payments will find it difficult to overcome this gap while those lucky enough to have the backing of company schemes to help cover the cost of moving often

## House prices: the gap between North and South

have to accept a lower standard in living accommodation than they have been used to.

On top of this people moving to the south east for promotion and other reasons face sharp rises in travelling costs. A worker travelling the 32 miles each day between Coventry and Wolverhampton is eligible for a West Midlands Passenger Transport Executive travel card costing £12.50 for four weeks and allowing virtually unlimited travel on most rail and bus routes in the West Midlands County Council area.

Compare this with a commuter travelling the 30 miles between Guildford and London presently paying £59 a month for a rail season ticket.

It is the disparity between house prices, however, which is the major financial hurdle when moving from areas like the Midlands to the South East. Even salary increases and help from firms in the form of grants and interest free loans are not sufficient to cover the disparity in prices. For anyone without this sort of help building societies may be sympathetic but they are still restricted in what they can lend.

Some of the most generous schemes are provided by the banks and the civil service—both being operations which require staff, as part of their terms of contract, to move around the country.

Allowances to civil servants include compensation for higher accommodation costs spread on a sliding scale over nine years with a maximum payment of £855 annually payable in the first five years on a move to Greater London.

A married civil servant with two children would also receive a transfer grant of up to £1,200 to cover the cost of moving and providing new fittings. Despite

these various allowances and salary increases associated with moves to London many civil servants still face the prospect of a drop in accommodation standards.

The Nationwide figures also show that home owners in the south and south east spend a greater proportion of their net income on mortgage finance than in many other regions although given the disparity in house prices this gap is not as wide as might be expected.

According to the society previous owner occupiers moving during the third quarter of this year were committed on average to spend 21.6 per cent of net income in the outer London boroughs on net monthly mortgage repayments. On the same basis home owners in Yorkshire and Humberside were committed to spending 18.6 per cent of net income on monthly mortgage payments.

For the first time buyers the difference between the proportion of income spent on mortgages between the south east and the rest of the country is even greater. The problem has been exacerbated by the decline in the private rented sector since the end of the last war. Despite Mrs. Thatcher's urging it is much easier to recommend moving home to find jobs than it is to achieve.

HOUSE PRICES TABLE	
Greater London	29,300
Outer Metropolitan area	31,110
Outer South East	26,450
South West	24,120
E. Anglia	23,290
E. Midlands	19,180
W. Midlands	21,830
Yorkshire & Humberside	18,770
N. West	20,640
Northern	18,650
Wales	19,940
Scotland	22,360
N. Ireland	22,700
United Kingdom	23,600

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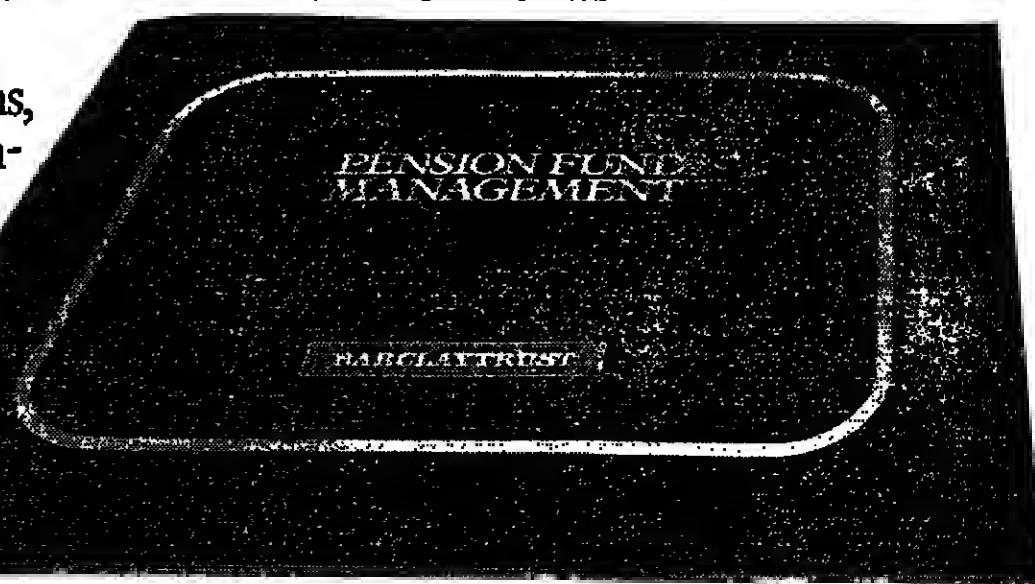
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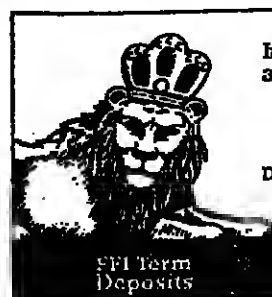


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## MOTORING/TRAVEL

## A great urchin

BY STUART MARSHALL

BY THE time the Austin Metro's fig leaf fell away on Wednesday, the only things left to reveal were its price and the way it goes. There had been so many leaks, planned and accidental, that everyone knew it was a hatchback development of the Mini; that in some measure BL's future hung upon its success; and that it was being made in a large, robot filled factory at Longbridge paid for by £275m of your money and mine.

Its shape was already so familiar (or perhaps not all that much different from its rivals) that last August, when I drove one through London's morning rush hour, few burrowing office workers bothered to give it a second look.

Unlike the Ford Escort, I had at least driven the Metro before the official announcement date. An excellent little car it is, too. You know it is a Mini that has grown up and got on in the world before you have shifted into top gear because it makes Mini noises, though they are muted. And you can slip it in and out of traffic in a way that encourages drivers of larger, clunkier cars.

It is an agreeable, parkable, street urchin of a car in a city centre. Yet, on the motorway, it cruises quietly at 70 mph and no longer pitches sharply up and down on country roads.

There is a range of five Metros, spanning the just under £3,100 to nearly £4,300 price brackets. All have the same three-door hatchback body but the cheaper ones have the old Mini's 993 cc motor whereas the 1.3S and 1.3HLS have the same engine as the Morris Ital.

Before getting down to details, I will make three predictions.

The Metro should sell like hot cakes in Britain because, at last, it gives hundreds of thousands of people who have never driven anything but a "mini" something to trade-up into. It should also coax back to the British car fold lots of motorists who now drive small French, Italian and Japanese front-wheel-drive hatchbacks simply because, at the time they bought them, nothing was made in this country that matched their needs.

I can't see it achieving comparable success in Europe (where it goes on sale next spring) because, to lure a Frenchman out of his Renault 5 or an Italian out of his Fiat 127 you need not just a better car but a Renault or Fiat-type sales and service organisation. BL



sadly, does not have one; but the Metro may help it to rebuild its organisation and restore its credibility on the European mainland as a supplier of small, modestly priced and up-to-date motor cars.

Third, it should not, as BL has been praying, be chosen Car of the Year, 1981. BL was very cross with me when I said as much some weeks ago. But the fact remains that Car of the Year jurymen and women are as nationalistic as the rest of us. The Ford Escort, I am convinced, will be the winner, despite its disappointing ride. It will win partly because it is an otherwise admirable package, but also because German jurymen will identify with a car made in Cologne.

The British juryman will treat the Metro generously because of its sheer merit and because, like me, they wish it well. But I can't see the French voting for the Metro, and the Italian for the Fiat Panda is a foregone conclusion.

Sir Michael Edwards need not worry. Two of the last six Cars of the Year have been Talbots (the Alpine and Horizon) and they haven't prevented Talbot from becoming the other sick man of Europe's motor industry. And the third was the Rover 3500 which, good as though it is, has not sold in anything like the hoped-for numbers. The Ford Fiesta, on the other hand, though beaten into second place four years ago by, of all things, the Porsche 928, is now well on the way toward its second million.

But what, you may well be asking, about the Metro?

I have driven only two of them, the 1.3 HLS and the Metro HLE. Heading for the £3,400, the Metro HLE rode very well over the bumpy back streets of Paddington and was quiet enough on the motorway for the standard push-button radio to be enjoyed. There wasn't much wind noise and the grumbling of the tyres on coarsely textured surfaces was nicely muffled inside. Mechanically, it is pleasingly refined. The seats are very comfortable; the old Mini's hunchback driving position has been banished; visibility is outstandingly good (the window area is enormous); and the instruments and minor

controls layout is most attractive.

Softening the suspension and giving it enough travel to soak up the bumps has made the Metro feel more roly-poly than a Mini. It leans a little on corners instead of scuttling round like a tin tray on castors. An illicit mile or two at 80 mph indicated persuasively that the Metro could be cruised happily at the French autoroute limit.

The HLE (the E is for economy) has the 998 cc Mini engine with the compression raised to 10.3:1. It produces 46 hp compared with the Mini 1000's 39 hp and pulls higher gearing. Performance is less urgent than that of the 1.3 HLS but the HLE will, I think, be the best seller, because its claimed economy is outstanding. All Metros better 50 mpg at a steady 56 mph and the HLE achieves an astonishing 58.3 mpg, just heating the Renault 5's 57.8 mpg.

I do hope no reader of this column will be misled by all the figures over the claimed 53 mpg at a constant 30 mph. It is a wholly meaningless figure. What really counts with people who buy their own petrol is what a car returns week by week on a mix of shopping trips, school runs, commuting or inter-city motorway driving. This I shall discover when I get my hands on a Metro HLE for a realistic length of time.

Where the Metro unquestionably scores over its rivals (many of them long in the tooth like the Renault 5 and Fiat 127) is in having a double-folding back seat that turns its load space into something more like that of a baby estate car than a hatchback. Bearing in mind its probable urban habitat, it is surprising that the vulnerable lower body sides are completely unprotected.

Metro can't possibly solve BL's problems single handed, as some of the more breathless commentators have been suggesting, but it proves that at last it is pointing in the right direction. The pity is that the money wasted on papering over the cracks 10 years ago wasn't spent on developing Metro for a mid-1970s launch. Then it might really have had a chance of becoming an international high-flyer on the Fiesta scale.

## Escape from winter

BY PAUL MARTIN

EVEN A reasonable quota of balmy autumn days does not compensate for our disastrous summer and now, as the evenings grow nipper and the mornings crisp, thoughts turn to the temptations of escape from the grip of another northern winter.

This season's crop of glossy brochures, the stuff that dreams are made of, offer a range of the traditional and the innovative. Long before anyone thought about travel as a mass industry, the well-heeled few used to winter on the Cote d'Azur. This day the people of Cannes remain grateful to Lord Brougham. He discovered the place for the English.

While you cannot guarantee a permanent blue sky along the Mediterranean, the climate is benign and you can at least lunch outdoors in the brilliant early spring. Air France Holidays have a series of arrangements, ranging from weekends to longer stays, at Nice, Cannes, Menton, Villefranche and Monte Carlo linked to the airlines' scheduled services to Nice from both Heathrow and Manchester.

Not have they forgotten the single traveller. No supplements are payable at the four-star Westminister Hotel on the Promenade des Anglais at Nice where a weekend, with bed and breakfast, costs £129 until November 30, rising to £144 for later departures.

A fortnight's holiday in the Belle Epouse luxury of the Hermitage Hotel at Monte Carlo on a room only basis costs £262 after December 21. However, with two or more travelling together for the weekend at a per person price ranging from £149 at the Hotel Mirabeau, a self-drive Renault 5 is available at no extra cost. Many other holiday arrangements are linked to airline scheduled services. Blue Sky, operating in conjunction with British Caledonian, includes both The Gambia and Sierra Leone in their winter programme.

The lowest rate quoted for a ten-day half-board stay, at the Hotel Palm Grove in The Gambia is £309. The starting price for bed-and-breakfast seven-day holiday at the Hotel



Man O' War Bay, Sierra Leone

Bintumani in Sierra Leone is a new sort of winter holiday in a familiar area are newcomers to this year's lists. Speedbird, operated in conjunction with British Airways, has adopted an attractive and self-explanatory title to introduce "Zimbabwe Sunrise". On this fourteen-day holiday you visit Salisbury, Bulawayo and also take in the Victoria Falls and the Wankie National Park. The lowest listed price is £365 with private facilities throughout on a tour which includes full board at some overnight stays and a wide range of sightseeing tours and excursions.

Many major tour operators feature the Canary Islands but Lanzarote Villas are offering a series of fifteen-day holidays on board an Ocean 60 Class schooner, a brand new luxury yacht with a professional skipper at the helm. I can think of few more idyllic ways of escaping the English winter than spending a fortnight cruising around the Canaries. The ex-London price includes return flights, airport taxes and accommodation in a two-berth cabin. All meals are provided except on one day a week when the cook has a well deserved break. The inclusive cost is £495. There is no supplement for those travelling alone provided they share a cabin. Planning for you.

ADDRESS: Air France Holidays, Mayre House, Boston Manor Road, Brentford, Middlesex TW8 9JQ. Blue Sky, Blue Sky House, London Road, East Grinstead, West Sussex RH19 1HU. Lanzarote Villas (Canary Island Yacht Holidays), 37 East Street, Hove, Sussex. Moon Villa Holidays, Brackley Travel Ltd, 33 High Street, Petersfield, Hants.

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Finally, a new country and

## Search for novelty

## CHESS

LEONARD BARDEN

The increasing sophistication and depth of chess opening theory has produced several different reactions from masters and experts who play hundreds of tournament games a year. At the most professional level and given a stereotyped variation with few sidelines, the search for perfection and novelty may extend to move 20 and beyond. The best known example is Fischer's Poisoned Pawn Sicilian, but another striking case occurred earlier this year in round nine of the Phillips and Drew Kings. There Miles v Sax followed the moves and analysis of a Hungarian game right until move 30 when Miles either knew no further or deliberately diverged.

In general this encyclopedic approach to the problem of opening theory carries diminishing returns. The burden on the memory, coupled with the low practical chances of reaching exactly the desired position, make detailed knowledge for the time spent. More and more players prefer to concentrate on general "idea" systems, as in the King's Indian Attack illustrated in last week's game, or to seek novelty at a much earlier stage where there are better practical chances of using one's pre-game homework.

This trend is shown in the popularity of the English Opening 1 P-Q4 where theory is ill-defined. 1 P-Q4 often leads to a complex middle game where the better player can hope to exploit superior skill. More drastic still are the new defences like the English Defence 1... P-QN3 pioneered by Miles and Keene or its popular king's side counterpart 1... P-KN3. These have set the tone for a whole range of early innovations such as Miles's B-KB4 against Spassky's Queen's Indian, P-QN3; the system 1 P-Q4, P-QN3; 2 B-N5; and the two Miles v Andersson games where 1 P-KN3 aimed at a favourable symmetrical variant. It is no accident that the young English masters have pioneered many of these ideas: throughout chess history rising talents have created new technical developments.

A novelty of a slightly different genre is the Korchnoi Gambit against the Dutch Defence 1 P-Q4, P-KB4. The Dutch is a counter-attacking system and apart from the dubious 2 P-K4 White has had till now to meet his opponent on ground of the latter's choice. Whether or not it gains permanent acceptance, Korchnoi's sprightly idea is logical: it sacrifices a wing for a central pawn, and opens lines for pieces.

White: N. Birnboim. Black: Granski. Opening: Dutch. Korchnoi Gambit (Tel Aviv 1980). 1 P-Q4, P-KB4; 2 P-KR3; 3 N-KB3; 3 P-KN4, P-Q4.

The gambit's debut 3... P-K4, P-N5; 4 P-K4, P-Q4; 5 P-KN3, P-KN3; 6 P-KB3, N-KB3; 7 N-B3, P-B3; 8 Q-Q2, P-B3; 10 0-0-0 (Korchnoi, Biel 1979) gave White a good attacking position.

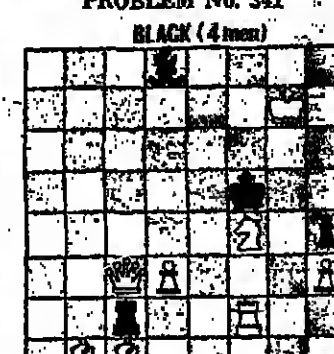
4 N-QB3 (perhaps 4 P-Q4 to keep the centre fluid is better after the text Black should counter by 4... P-B4; 5 Q-Q2, P-Q5); 5 P-P, B-P; 6 Q-Q3, P-K3? (passive, conceding White a strong centre. P-QB4 is still best); 7 P-B3, B-KB3; 8 P-K4, P-P; 9 P-P, B-N5; 10 B-N5, N-B3; 11 0-0-0, B-N5; 12 K-N2 (the threat N-B4 and B-R3 now forces Black to concede White the pair of bishops); 13 N-B3, Q-Q3; 14 Q-Q3 (sacrificing another pawn, the more attacking lines. The threats of P-K5 and B-Q4 give Black little choice but to accept); 15 N-N5, Q-Q2; 16 N-P, ch, Q-N; 17 Q-P, N-K2 (K-B1 would allow the fine finish 18 Q-B1, P-Q1; 19 R-R, ch, K-B2; 20 B-B4 mate); 18 B-N5, ch, Q-Q1; 19 Q-B, Q-B5 ch (not P-Q2? 20 B-B4, but not even Black's ingenious resource fails to help); 20 B-Q, N-Q; 21 B-K5; N-B7; 22 B-P, R-KN1; 23 R-P, N-R; 24 K-N, K-B2; 25 B-B4, K-R1; 26 B-Q3! Resigns. He loses the knight directly or by discovered check, after which White wins easily with two bishops and two pawns against a rook.

POSITION No. 341



WHITE (12 moves)  
1 P-Q4, P-Q4; 2 P-Q4, P-Q4; 3 P-Q4, P-Q4; 4 P-Q4, P-Q4; 5 P-Q4, P-Q4; 6 P-Q4, P-Q4; 7 P-Q4, P-Q4; 8 P-Q4, P-Q4; 9 P-Q4, P-Q4; 10 P-Q4, P-Q4; 11 P-Q4, P-Q4; 12 P-Q4, P-Q4.

PROBLEM No. 341



WHITE (8 moves)  
White mates in two moves, against any defence (by C. Mansfield, Falkirk Herald 1932). Solutions Page 14

## Improving book

## BRIDGE

E. P. C. COTTER

TODAY'S EXAMPLE hands come from The Most Puzzling Situations in Bridge Play, written by Terence Reese and published by Allen and Unwin at £4.95. This is a Quiz Book with a difference. The author has thought of eight puzzling themes which constantly recur, but are not everyday textbook material. The problems are not easy, but if they are studied slowly and the underlying principles are clearly understood, the student will be delighted with the improvement in his play.

We will begin with Averting a Ruff:

W N  
S A K 6 2  
W A K Q  
S K 6 4  
Q 9

W E  
S J 3 3  
W J 10 8 5 2  
S J 5

W S  
S 10 9 8 7 6 4 2  
A 9 7 3

With both sides vulnerable North deals and bids one spade, East overcalls with four clubs, and South says four hearts. North tries a Blackwood four or trumps, and after the response of five diamonds bids six hearts. West's diamond Queen is won in hand, but on the first trump lead East discards a club. As East must have long clubs, it seems safe to play Ace, King, and another spade. Unfortunately, West is short of spades and overruns the third round. The declarer can establish the ten of spades, but he still has a diamond loser.

"I couldn't draw trumps," said the declarer, "because then I would have been short of an entry." Quite true, but he had a

clever ruse at his disposal. After one round of trumps he leads dummy's King of Queen, discarding a spade from hand. He ruffs the club return, crosses to the Ace of spades and ruffs a low spade without risk. Then he can draw West's two remaining trumps, ruff another spade, and reach the table via the King of diamonds, cash his King and ten of spades, and score his little slam.

Let us now turn to Placement:

W N  
S 10 7 6 4 2  
W 7 5 3  
S A 8 2

W E  
S 7 6 4 2  
W K 5  
S J 10 9 6  
Q 9 4

W S  
S A Q J 10 9 3  
W A Q  
S K J 6

South deals at game to North-South and opens the bidding with two spades, to which North replies with three spades. This single raise, showing normal trump support and guaranteeing an Ace, encourages South to jump straight to six spades, which concludes the auction.

West leads the diamond Knave, which solves one of the declarer's problems, but he is not yet out of the wood. He crosses to the eight of spades and tries the heart finesse - it loses, and West returns a trump. Now the declarer has to depend on finding the Queen of clubs on his right, but when he flosses the Knave of clubs, he loses a second trick, and outrageous Fortune comes in for the usual condemnation.

But if hearts break no worse than 4-2, the contract is a lay-down. After winning the opening lead, South cashes the Ace of hearts and follows with the Queen. West wins and leads a trump, won with dummy's eight. A heart is ruffed, a spade is led to dummy's King, and another heart is ruffed. Now declarer draws trumps, and the club Ace gives him access to the table to score the 10 of hearts for the twelfth trick.

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## BOOKS

## What Gloria knew

BY JANET MORGAN

**Little Gloria: Happy At Last**  
by Barbara Goldsmith.  
Macmillan. £9.95, 350 pages

Why should the trifling story of the battle for custody of "Little Gloria" Vanderbilt in 1984 prove so riveting? With the exception of a Scotch maid, a Bavarian prince and an American doctor, every single character is unsympathetic. Fragile, ignorant Gloria Vanderbilt, her widowed mother, shuttles back and forth between Europe and America, hotels, villas, palaces and nightclubs, glancing only occasionally at Little Gloria, the daughter on whose income she depends. Little Gloria, alternately morose and hysterical, is urged into tantrums by morbidly devoted Nurse Keisch. The child is surrounded by doctors, forbidding exercise and prescribing brain and enemas, blood tests and X-rays, and by armed guards from Pinkerton's agency. From the age of eight she lives almost permanently with her Aunt Gertrude Whitney, a dour matriarch.

Gertrude's enormous wealth stifles her talents by confining her to Society and (we are not sure which) simultaneously allows her to support a raggle-taggle crowd of American painters and sculptors, to collect their work, to back out huge sculptures (while preserving her long, blood-red fingernails) and to write a lesbian novel and keep a searing diary.

Mother and Aunt, with a supporting cast of private detectives, disloyal servants and dissolute friends, quarrel over Little Gloria's custody in a trial covered by avid and insatiable reporters. Acting for Gertrude Whitney is Herbert Crommelin Smyth, a distinguished, supercilious legal adviser, expert in Munsterberg's autopsychic technique. Gloria Vanderbilt's counsel is Nathan Burkan, an ambitious, show-business lawyer, a Romanian Jew, who will eventually die of overwork and a broken heart. The Judge, a dour Catholic, who loathes titles and distrusts alcohol, sex, drugs and Europe, hears their recitals with amazed horror. He is so shocked by the witnesses' accusations of every conceivable vice, from possession of porno-

graphic books to lounging about in beach pyjamas and negligees ("a sort of Continental house gown," the lawyers helpfully tell him) that he closes the court to the press and issues daily summaries of proceedings himself, competing with leaks by colouring them imaginatively. When it is all over, he loses his reason. Only the Scotch nurse refuses to gossip: only the prince remains at ease; only one of the doctors sees that Little Gloria's illnesses spring from fear.

The terrors and insecurities of childhood are skilfully described by Mrs. Goldsmith. She maintains that Little Gloria, like other American children in the 1930s, acquired from her nurse's warnings, popular newspapers and playground gossip sufficient knowledge of the Lindbergh and other kidnapping cases to scare her out of her wits. No wonder, when she overheard her maternal grandmother declaring that the child would be murdered by the elder Gloria for her money and when reunions between the two Glorias were conducted in the presence of bodyguards with machine guns.

It is certainly very odd that none of the characters in this drama spotted the connection between Little Gloria's kidnapping and the wave of kidnappings that spread through America during the Depression, so many that the crime was made a federal one, carrying the death penalty. From time to time Mrs. Goldsmith gives us extracts of reports of notorious kidnapping cases: the reader is reassured that at any moment Little Gloria will reach an analyst and all will be well. It doesn't happen: the story has no happy resolution.

It has no heroine, either. We cannot be sure whether we will finish the book on Gloria's side, or on Gertrude's, or supporting Little Gloria. Mrs. Goldsmith is herself ambivalent and she leaves us to draw our own conclusions. Her narrative is short on analysis, long on description. Much of her tale has been told before in newspaper reports and newsreels of the time and in the official transcripts of the trial itself, but she has threaded these together with ingenious linking sentences and paragraphs to make a melo-

drama. We even learn to distinguish between innumerable Vanderbilts, Whitneys, Morgans, Glorias and Gertrudes, Corneliuses and Consuelos, a good many of whom married at least twice.

This affair took place nearly 50 years ago. While the Morgan twins, Gloria and Thomas, "tangled" into marriage, businessmen threw themselves off skyscrapers and families were starving. In reminding us that the Matter of Vanderbilt unfolded during the Depression, Prohibition and the New Deal, Mrs. Goldsmith falters only occasionally ("Gloria drew from her purse a packet of pills... over and above the \$4,000 a month allotted to her. Money troubles seemed to plague everybody—even her friend, the Prince of Wales. The Bank of England was threatened with bankruptcy; the deficit for 1932 was projected at £170 million.")

The American public followed the Vanderbilt case with such close attention because the lax and opulent world of its protagonists offered such a contrast to their own austere and drab lives. They could fantasise about the lives of the immensely rich, while in some respects disdaining them: Little Gloria led a miserable existence, despite her millions. Glorious Gloria, clad in furs, was cheered by impoverished women as she tottered from the courtroom to her limousine. The mothers who brought their children to play in the park near the courthouse drew up a petition, begging the judge not to separate a mother from her child. The gossip columnist who had created Glorious Gloria offered their adduced readers every morsel of her unpolished, tawdry story.

Mrs. Goldsmith has reconstructed it, quoting those very writing mothers of those involved, and conversations with survivors of these scenes.

It is all sentiment and sensation—and her book is very enjoyable. We cannot say, like Elizabeth Wann, the self-disciplined Scotch nurse "It was not my business to know that." We want to know how it will all turn out and, in any case, it is very hard to avert our eyes when, as Glorious Gloria's twin sister, she, people living in glass houses, are slinging mud at one another.



Mr. Healey: trigger happy

## Soft focus

BY MARY HOPE

**Healey's Eye: A Photographic Memoir**  
by Denis Healey, Jonathan Cape.  
£7.95, 186 pages

After "You must come round and try some of our Lucetta's home-made wine," come round and see our slides," must be one of the world's most dreaded invitations, even if it does come from that nice Mr. Healey who used to live next door to the Prime Minister and has been to lots of interesting places (they always go abroad, you know). Being asked to pay an entrance fee to see slides which are no better than anyone else's (certainly no better than mine: you must come round and see our slides), is a bit of a cheek though, even if you do get the cracker-barrel judgments that go with them.

Mr. Healey has been to many countries and has readimix comments on all of them: "the Christian concept of charity is meaningless to the Japanese... and the Chinese people are highly intelligent and disciplined but (sic) with a very English sense of humour..." He has also met most of the most interesting politicians around, but you would not know it either from the pictures or the words in this book.

While respecting his enthusiasm for his hobby and his desire to share his joy in it with others, I must say that his advice to other amateurs is sensible but totally uninspired. There is nothing here that the most novice of d-i-y photographers will not already know and, indeed, many of his pictures, though technically correct, in lighting, focus and exposure show not the slightest flair for composition, being either vaguely unstructured or downright mannered. He knows intellectually and instinctively

that the real aim of photographs is people: be workshops, as we all do, Cartier Bresson, but in the only pictures which approach the Cartier Bresson technique it takes him four frames of Italian men watching a pretty girl walk down a street to say what the master would have captured in one.

To be fair to him, he does not make extravagant claims for himself as a great photographer. But in that case, why does he not provide more interesting words to go with the holiday snaps, instead of what is little more than a meandering ramble which shows all the signs of having been talked straight on to a tape-recorder rather late at night. There are various "jokes" which no doubt have been rolling in the asides at smoky sessions after hours at Blackpool, but which I suspect leave the rest of us cold.

But the real criticism of this strange product—and in publishing terms, a product is about all it is—is the lack of sureness of tone. Mr. Healey, like many politicians when they are not on a platform, seem curiously uncertain of where exactly to pitch his remarks. He ranges from a blunt, deliberately plodding, plain man's guide style ("Nasser was a handsome man of great ability and charm whose influence was dominant throughout the Arab world...") to an equally graceless clever allusiveness which must leave half his readers bemused by its arcane pomposity: "I came to the conclusion by the time I left China that it was a country of Wykehamists led by Balliol men..."

One is left with the perplexing sense that no one ever quite thought out whom this book was aimed at. Lack of sureness of tone in the pictures is equalled by lack of direction in the words.

## Fiction

## End is Nye

BY MARTIN SEYMOUR-SMITH

**Faust**  
by Robert Nye. Hamish Hamilton. £5.95, 277 pages

**The Master Mariner: Book 2 Darken Ship ("The Unfinished Novel")**  
by Nicholas Monsarrat. Cassell. £4.95, 131 pages

**Rosa**  
by Valerie Kershaw. Duckworth. £6.95, 138 pages

**The Harder They Come**  
by Michael Thelwell. Pluto Press, paperback. £2.95, 389 pages

Robert Nye's *Faust* and *Merlin* have both been compared to Rabelais by enthusiastic critics. I think this is misleading, and that it might even mislead the author himself. The comparison should not be made. Urquhart as a Cavalier and not as a dirty-minded Victorian, and presumably he objects to Montoux's inept continuation; but, hardly through any fault of his own, he may be in danger of forgetting what M. A. Screech, the chief modern scholar of the real Rabelais, has said: "Attempts to copy his characters, style, enormous vocabulary and colourful language have all failed."

Robert Nye will know how badly the work of James Branch Cabell has worn—he needs reminding that he is a better writer than the "sunny" American romancer, whose talents were largely wasted because he thought he could be a modern Rabelais.

Faust is certainly interesting and bold, but its daring author falls into the danger of parodying himself. The word "and" is deliberately overused because I am sure with it to the extent of once preferring to be genteel, cannot gain anything by being repeated some thousand times in 277 pages.

In other words, I think that this new *Faust*, very well worth while, is in danger of drowning in pointless, diffuse bawdy; I prefer tracking the allusions in other writers. The basic novel might be said to be an answer to the question of the actor Gérard Philipe asked René Clair just before he embarked on making the latter's film version of the story, *Le Comte de Montecristo*: "And why shouldn't Faust want to be damned?"

At the heart of its text this is Nye's best, most serious—and most despairing—novel. It is told by Faust's servant Wagner in an exhilarating and breathless rush, with excursions into every kind of modernism. But it is almost as if the froth of the narrative is deliberately contrived to hide a more tragic, more subtle, even self-doubting, note. Often this works, giving us a glimpse of the novelist Nye might be if he took the difficult step of dropping his ironically self-confident persona and spoke in his own voice; at other times the writing seems too loose and too little controlled, a desperate parody of theological narratives which have long lost their point, and which are given no new point here. But this is to judge the book by the very high standards it clearly demands. Essentially this is an advance, and more readers than Nye's already numerous admirers will want to have it.

Nicholas Monsarrat's last project was massive, called "The Master Mariner," it was to encompass the whole sweep of maritime development from 1588 to the 1980 opening of the St. Lawrence Seaway, by the device of using one immortal character, a sort of flying Dutchman called Matthew Lawe who has been cursed, after an act of cowardice, "to wander the wild waters until the sea runs dry." He completed only the first volume, *Running Frowd*, which was published, and part of the second, *Darken Ship*, which has an interesting explanatory introduction by his widow. It is the story of the hero's revolt against the brutality of the slave trade in the early nineteenth century. Unfortunately the author's narrative runs out relatively early on the rest of the book is taken up with a synopsis provided from his notes by his wife, Monsarrat's knowledge of the sea was not matched usually by his literary skill—though he was a good popular writer—so that this synopsis is not really very valuable. He would like to have been a Courard, but this makes it all too clear that he was not: all that has been achieved is that regular readers of his sea yarns will be frustrated when his own narrative, skilful at its own level, comes to a close.

Valerie Kershaw's second novel (her first was *The Snow Man*) is an attempt to make an intelligent and meaningful treatment of a horror-film material; it falls rather distastefully as a whole, but the author is gifted enough to hold the attention. Rosa is an ambiguous girl



Robert Nye: needless bawdy

— is she wicked or is she just rather naughty? Most obviously, perhaps, it is the author who does not know or care: her novel thus falls on a psychological level.

Rosa may be ambiguous, but the illiterate Mellic with whom she finds herself concerned is primitive and dangerous for is she a symbol of pure good? Who knows? Essentially this is the tale of a girl of intelligence who finds herself in a modern Gothic situation, complete with terrible births and stabbings; it is a suspense story, and nothing else, and so is much spoiled by having pretensions to be something more than this. The author has the makings of a competent novelist, and only needs to discover what story she really wants to tell.

The *Harder They Come* is a Jamaican novel by a Jamaican writer now teaching in America. It was inspired, to a great extent, by the film of the same title, which was about "Rhin-zin," the "great ghetto nigger" who lived in and around Kingston in the late 1950s. Some will want to ignore this, thinking it merely ephemeral cult material; they will be making a serious error. This book will, as the West Indian novelist Andrew Salkey claims, be around for a very long time. It quite surpasses the film. I have read few books about Jamaica—and there are many very good ones, by such writers as Roger Mais and Orlando Patterson—which capture so fully both its rapturous energy and its tragic squalor. Michael Thelwell is sharply intelligent and inventive, and he knows how to write in the vernacular. There is a useful glossary of slang terms at the end. *The Harder They Come* is worth a hundred sociological and historical studies, and is very strongly recommended to those who are interested in the Third World—and in good novels.

## Cracking the air code

BY ZARA STEINER

**The Enemy is Listening: The Story of the Y Service**  
by Allen Clayton. Hutchinson. £9.95, 331 pages

The Y service, a branch of the RAF, was responsible for the interception of enemy communications. A small group of men and women kept a 24-hour watch on the radio traffic which passed between the Luftwaffe pilots and between German aircraft and their home stations. They provided the raw material needed for Ultra and other forms of wartime intelligence. Mrs. Clayton, "Mike" Morris, as she was then known, joined the Women's Auxiliary Air Force at the age of 21 and was

selected, because of her educational training in Germany, to join a tiny unit based at Fairlight. Using primitive radio equipment, they located the radio beams used by the Luftwaffe and translated their messages.

Gradually call signs were identified, code words interpreted (Moebelwagen—bomber craft, Indarner—British fighters) and even individual pilots recognised by their voices and language. German orderliness and regularity as well as the occasional lapse into non-coded language assisted the air detectives. The "Hockendier" did the same for the Germans, the Y service operators knew only too well that British air security

left a good deal to be desired. Nevertheless, the British soon began to win the radio war. The Y service supplied Ultra with the information which enabled it to play such a key role during the Battle of Britain.

Equipment became more sophisticated and listening posts multiplied. Qualified personnel were in short supply. Unfortunately it is only in wartime that language skills take top priority. Additional women and men were recruited. "Mike" Morris describes the "battle of the beams" chronicled by *AV Jones's Most Secret War* though from a different vantage-point. There was also the intercepted transmissions referring to the "Little Screw," a system of night fighter interception devised by the Germans which took British scientists almost a year to crack.

"Mike" became an expert on "Little Screw" transmissions and was sent to Bletchley for a period to assist in the interpretation of the German transmissions. But then she must have been a rather exceptional person. The first WAAF to be commissioned as an intelligence officer, she managed to get posted to Cairo headquarters, serving in the 1942 operations against the German tanks in the Western Desert, participated in the landings at Salerno and Anzio and assisted General Eisenhower at his Algiers headquarters.

With a light hand and drawing on letters written to her mother at the time, Mrs. Clayton traces the numerous battles fought against her superiors—both male and female—who were reluctant to allow women to serve under front-line conditions. Thus, in 1942, she convinced her chief Rowley Scott-Farrie, admittedly after hurling a heavy German dictionary at him, to send her to besieged Malta.

There are also hints at the administrative difficulties which surrounded the development of Y service and its many offshoots in the field. But "Mike" and others seem to have won general acceptance; she and her colleagues experienced bombardments, sandstorms, advances and retreats. Certainly they covered vast distances and a variety of campaigns. It was not just a question, however, of individual courage and perseverance under battle conditions. It was Miss Morris's ability to "read the enemy" which made her an indispensable member of a very special wartime service.

This book, like many others published fairly recently, underlines the great distance between the literature of the two World Wars. We have waited some 30 to 35 years to read about a very different kind of hero and heroine in a very different kind of war. These books are not about the "thin red line" and the battle of the trenches but about airways and codes, linguists, mathematicians and engineers.

## In Short—Joyceana

**Joyce**  
edited by Reggie Grenfell and Richard Garnett. Macmillan. £7.95, 200 pages

Not James, but Grenfell. For the last years of her too-short life she was almost my next-door neighbour. One day someone parked an old dangle outside our flat and walked off, unaware that black smoke was rising from his engine. Joyce Grenfell was passing by, she rapped the car abruptly across the bonnet with her umbrella. "Young man!" she called across the street. On stage, it would have been comic; in Elm Park Gardens it was simple and courteous. One of Joyce Grenfell's virtues was her utter naturalness in either context.

I was too shy to speak to her when she first came to live near me, but one day she came across the Fulham Road she cried "I didn't know who you were!" and in a moment it was as if I had known her all my life. This collection of 40 short pieces by her and about her is by people who have known her all, or much, of their lives.

Here are Stephen Potter, Joseph Cooper, Athene Seyler, Virginia Graham (surely the Graham-Grenfell correspondence should be published?), a long critical essay by J. C. Trewin as good as anything of its kind since Hazlitt. The book isn't a lament for Joyce Grenfell's death: it's a celebration of her life that brings her image glowingly before us.

R. A. YOUNG

**Child of the Tropics**  
by Yselt Bridges, edited by Nicholas Guppy. Collins/Harvill. £7.95, 205 pages

It was both a refreshing and delightful experience to read Yselt Bridges' evocative collection of Victorian memoirs. Yselt was born in 1888 and spent the early part of her life living in Trinidad. This exotic country was the backdrop to her Creole childhood. As Charles Kingsley put it: "It had a natural beauty and repose." The author has had no difficulty in recalling the precious years she spent there. She gets carried away by the memories of her home and of her family which were the staple of her life.

Her mother was French and characteristically had a very warm and loving nature. Her father, Lechmere Guppy, was serious, leamed and academic. He is well known for his scientific research work and the discovery of the tropical fish (the Guppy) which is said to control mosquito larvae. Yselt relied on her father's constant companionship and was an eager assistant to him in all his various projects. It was from her father that she learnt as a child to find charm in everything, however ugly. This sensitivity has enabled her to bring a real but vanished world to life again in her album of recollections.

Probably the author's most infectious quality is that she writes about her past with the eyes of the child she once was. It is a happy fate that Yselt Bridges' nephew, Nicholas Guppy, has edited this diary for it is an absorbing piece of history.

LUCINDA WETHERALL

**The Shell Encyclopaedia of Sailing**  
edited by Michael W. Richey. Standard Maritime. £9.95, 288 pages

Michael Richey's A to Z of sailing is written with the idea of being a standard reference book aimed at the general sailing enthusiast rather than the expert. Such a reader may be excused for imagining "Ri-Fix" to be the term used for describing the state of the boat in a sudden squall. It is, in fact, a radio positioning system.

The book is technically written, but when looking up astronomical navigation, for example, it is also found to be widely cross-referenced. Many nautical terms are self-explanatory.

"R" devotes much space to the subject of rigs and rigging. Illustrated examples are given of one of the earliest sail boats c 3500 BC and of a Phoenician model. Emphasis is laid upon the importance of Phoenician, Greek and Roman influences in the development of sailing. The subject is brought up to date with a two-masted yacht which completed a single-handed circumnavigation in 1972.

There is not the space here to go through the alphabet; suffice it to say that Mr. Richey's encyclopaedia should be carefully stowed before setting sail.

KATE MORRISON

## Nodding at Homer

BY ROBIN LANE FOX

**Homer: The Odyssey**  
Translated by W. Shewring. Oxford. £7.95 (World's Classics paperback edition, £1.50) 350 pages

A fluent *Odyssey* in English is badly needed. The Penguin version is very poor. Christopher Logue's free verse was excellent for what it chose to stress, but it centred on the *Iliad*. The publishers write as if they have filled the gap with a new classic. I cannot agree.

Walter Shewring is an elderly classical scholar who has a mastery of Homer's Greek. When he has stretched his native tongue before him, he sets a good pace and allows the story to flow. He has opted for a prose translation, and prose can cope with these sections rather well. Odysseus's great speech to King Alcinous is not quite such a happy gift, but his stories of the Cyclopes and the lotus-eaters are enough to survive. The heroes in Hades and the scenes with Nausicaa are particularly good.

Elsewhere, there is a heaviness, which seems to me quite false. It is not the same as a certain oddity of phrase. At random my own ship and the others which I were carried back to the island of Aeolus, amid the groaning of all my company. Others with it? Groaning? All my? Amid? These are oddities, mostly imposed by the Greek, but surely better left. The heaviness is gratuitous. It derives from a habit which Arnold, I think, once exposed, though others thought him pedantic.

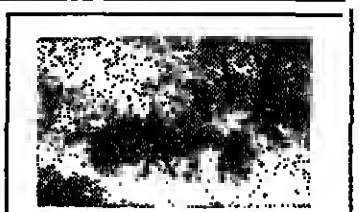
Mr. Shewring falls into an occasional use of formal and Latin-hased words. Of course he cannot cut out everything with Latin roots. Nor is there any "natural" merit in sticking to supposedly "native" vocabulary. But most Latin words have a pomposity which is absolutely false to Homer's style. "Delivered them to the ministrations of the furies," "thus instructed," "have the people throughout your land conceived detestation for you?" This sort of language is a dead-weight.

It is particularly deadening in an epic poem of such speeches. Homer allows almost all of his plot to be said, not told. Here, the prose speeches have lost their nobility and bounding fluency.

"Beotted man, why do you thus plot death and doom for Telemachus, disregarding those who deserve compassion though Zeus himself has his gaze on such?"

That is awful, but not much worse than too many others. In the first book, Penelope comes to stand unnoticed on the staircase, while the suitors enjoy a song, patching up their quarrels in the hall below. The song makes her cry because it is about Troy. "Phemius," she almost says, "I thought I told you never to play that tune in here again." It is the *Odyssey*'s first moment of pure pathos, beautifully set, then obliquely stated, "Cease from this melancholy lay that wrings my heart."

Here, once again, is the *Odyssey*'s story, less prosy than Penelope's, at the best when read and emphasised aloud. It has its moments of fluency, but too many more without grace. It is not Homeric and it does not come home to the heart.



## MEDICI CHRISTMAS CARDS

The illustration shows "Going to Christmas Market" by T. Smythe, one of the new designs this year. Please ask your local shop to show you these and also the Medici personal greeting card album containing exclusive designs for the overprinting of names and addresses or visit—

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## HOW TO SPEND IT

مكتبات النجف

## Seasonal notes

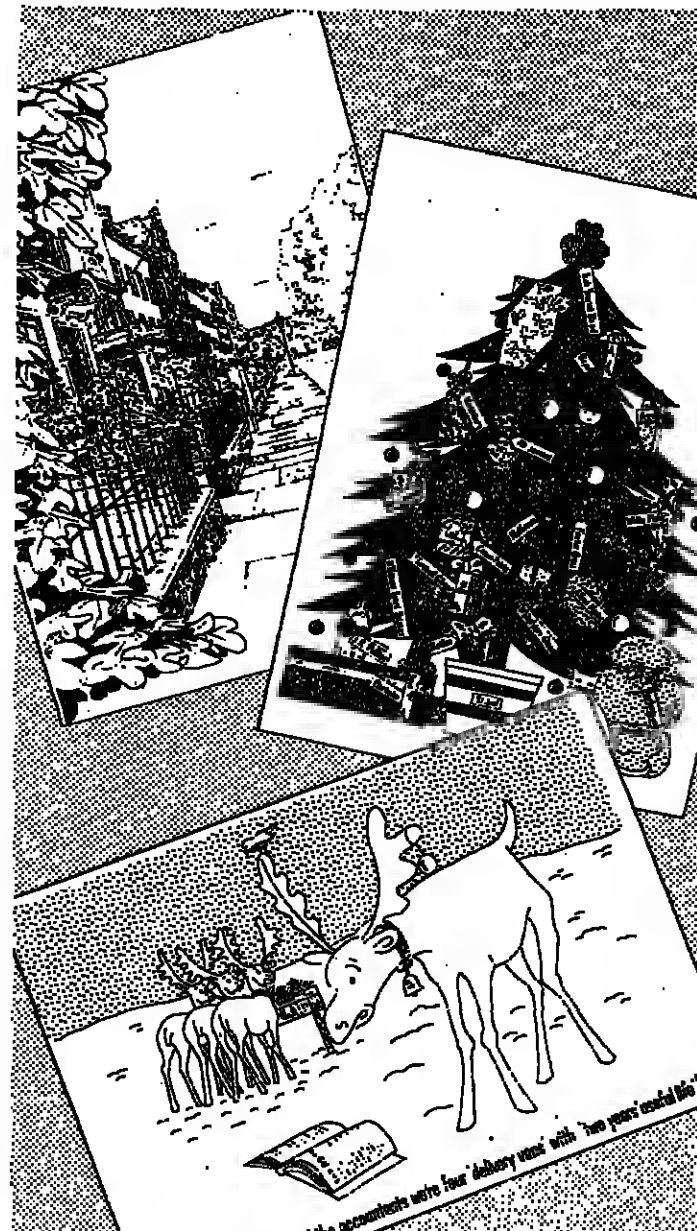
It may seem early to be mentioning Christmas on this page but if you want to plan or order anything particularly well it is even, dare I say it, a little on the late side. However, if you do fancy ordering Christmas cards of your very own, uniquely designed either around your house, your family or your business, Kate Hadden, a freelance artist working from home, specialises in just that.

Kate can work either from photographs or drawings and seems to be particularly good at capturing a house on paper — she can do either a line drawing or a water-colour — and the resulting drawing can be used either as a Christmas card or as stationery or wherever else you please.

Besides designing Christmas cards round particular houses she is also adept at creating a card that captures the feeling of a company or business. Her talents don't end there either — she can produce personal labels for home-made jams, chutneys and preserves, postcard maps for guiding visitors to remote spots.

If you want to order Christmas cards from her, her prices start at £50 for the first 100 and they can be done either in colour or in black and white. Orders can usually be completed in three weeks.

As she works on her own she can only take orders as they come but she will at least let you know promptly whether she can produce a design in time for Christmas or not. Anybody who is interested can contact her at Lower Eldon Farmhouse, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.



IN THIS world of rising prices it isn't often that we get good news on the price front, however it's no secret that now is generally thought to be an exceedingly good time to think of buying diamonds. Though the really fine, larger stones nearly always retain their value, there is at the moment a surplus of smaller diamonds in the cutting centres and anybody thinking of buying any jewellery with diamonds might well think of doing so now. Just to give an example of what has happened to the price of smallish diamonds in the last few years — whereas in June 1977 a good stone was worth about £140 a carat, in 1979 the same one would have fetched £340 a carat while in July of this year it would have reached £260. This, it is important to note, is in direct contrast with rubies and emeralds of fine quality which have, according to one specialist in stones, "gone through the roof."

The big problem with buying diamonds is where to go and whom to trust. Most of the large jewellers are in business because they have been proved over the years to be trustworthy but on the whole one is paying quite highly for this certainty.

Ian Norrington, who came to know a great deal about diamonds during his 20 years in the diamond industry, discovered when he started up a small jewellery business of his own that people were paying exceedingly high prices for the privilege of buying from these eminent shops. He started off by selling his jewellery to such shops but soon decided to operate in a much simpler way which, he believes, offers the customer a much better deal. He sells directly to the public traditional jewellery at prices that the shops would have paid him. In other words he makes the same profit he would have made by selling to the shop

but the customer is able to buy without paying the profit of the middleman, the shop.

He relies on his knowledge of diamonds to buy good quality stones at competitive prices — he buys the diamonds in Antwerp, the coloured stones like rubies, emeralds, sapphires in London. He deals only in stones of very fine colour but of a quality just below the top (apparently, these days only the Japanese and the Germans can afford the stones without a single flaw). In his view colour is much more important than a small, almost invisible flaw.

The jewellery he sells is all his own design and is mainly traditional in character — simple eternity rings, solitaires, earrings, pendants — but he is always happy to make up jewellery to any customer's design. It has often been known for customers to come along with a picture and ask him to make up something similar — this he gladly and happily does. He claims that through his combination of competitive buying of stones, using his own workmen and cutting out the middleman, he can sell jewellery at prices that are at least a third less than they would be in traditional jewellers' shops.

Though his company is still small he has full colour leaflets showing the range of jewellery that he has designed and each item is offered with clear descriptions of stone weights. While he is basically against the idea of selling diamonds for investment purposes (as he points out many of those who sell diamonds for investment purposes refuse to buy them back when customers ask them to do so and particularly at the moment, when demand for diamonds is weak, cutters and dealers are doing less buying than usual) he does offer advice on the buying of stones for those

who wish to buy them, whether for investment purposes or to be used in jewellery.

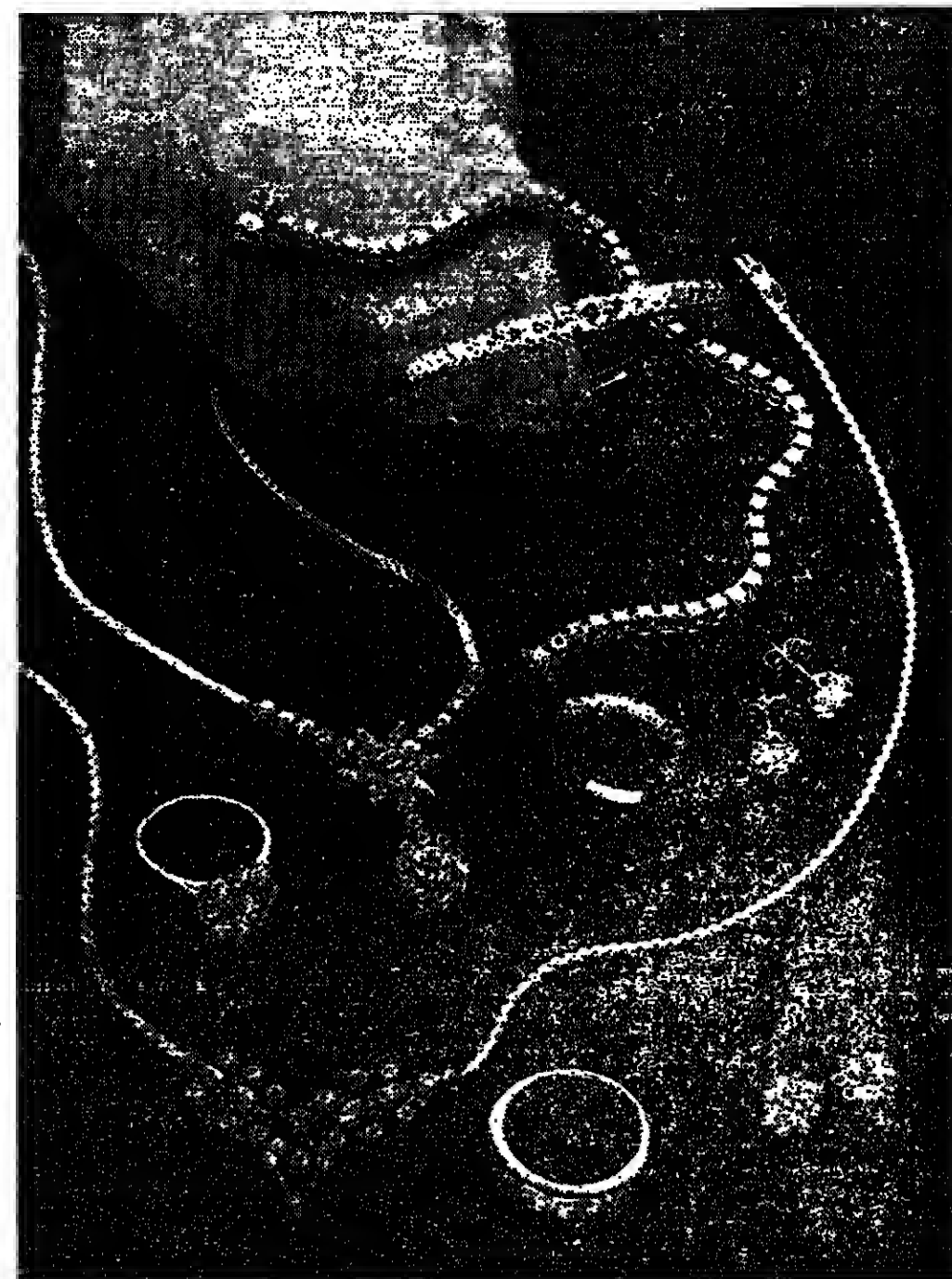
As he says, "Diamonds are an asset which, because of extreme rarity coupled with demand, have in the past tended to increase in value. There is obviously no hard and fast guarantee that they will continue to do so... however, there is every reason to conclude that the trend for appreciation will continue."

Readers interested in buying jewellery at the moment should go along to Ian Norrington's company which is called Nordiam Jewellery and is to be found in very simple, unpretentious offices at First Floor South, Brettonham House, 5-6, Lancaster Place, London WC2. If possible ring for an appointment first (01-836 1405). Readers out of London can write for the coloured brochures and compare the prices with what is available in their local jewellers for themselves.

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## Diamonds à la carte

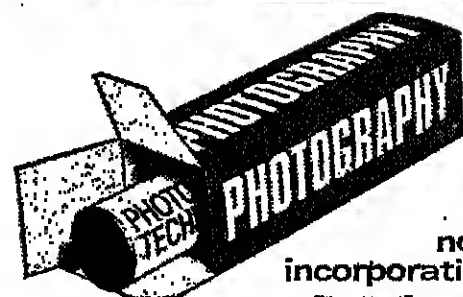
by Lucia van der Post



Photographed, above, is a collection of Ian Norrington's own designs sold by his company, Nordiam Jewellery. To give you some idea of the prices, which Ian Norrington says are at least a third less than most retail jewellers, a pair of stud earrings, sporting 0.3 carat's worth of

diamond, costs £225 (plus VAT). A standard half-hoop eternity ring with about seven diamonds which together add up to 1/2 carat is £300 (plus VAT) while a bangle bracelet with 17 stones of varying sizes adding up to a total of about 1.7 of a carat is £1,200 (plus VAT).

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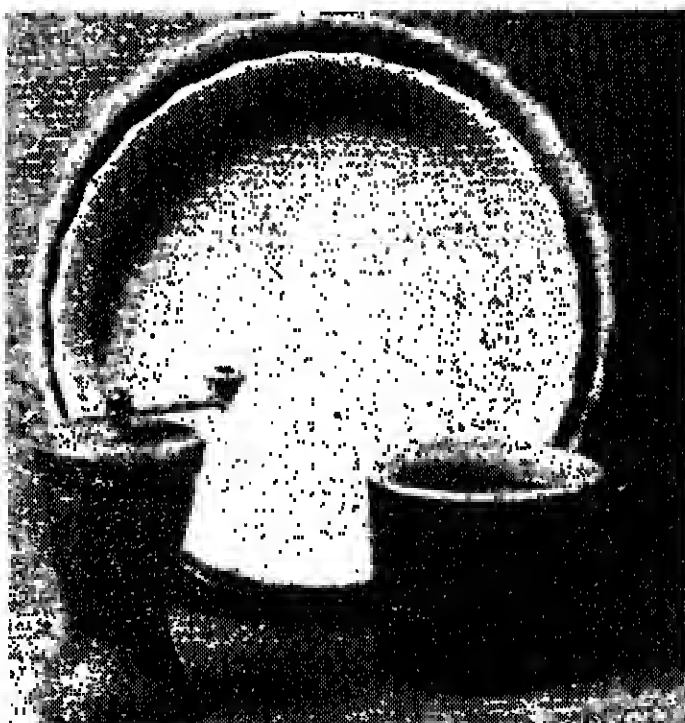
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## PHOTOGRAPHY

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## Postscript

MANY readers like to take advantage of the Elizabeth David annual sale either to stock up their own kitchens or to buy a collection of gadgets and equipment that they can wrap up for friends and relations come Christmas. Very sensibly the shop chooses to have its sale in good time for Christmas. It is on now and runs until October 18. Photographed right are just a few of the bargains on offer — the nutmeg mill is £1.78 (reduced from £2.87), the rillettes jar 99p (down from £1.25), and the two flan dishes are £2.30 for the 8 ins size (reduced from £3.68) and £2.80 for the 9 ins size (reduced from £4.48). Besides the goodies in the picture there are masses of other bargains — cook's knives, lots of white porcelain ware rather like the freezer-to-oven flan dishes in the photograph, soufflé dishes, omelette pans and so on. The shop itself is at 46 Bourne Street, London, SW1 but for those readers who live out of London the shop is happy to send goods by mail.



A selection of bargains at the Elizabeth David shop sale



A cutlery tray in white osier from David Mellor

I notice a lot more chavvinism about in Britain these days — stores up and down the country are holding Buy British weeks. Marks and Spencers has been doing its best to buy and promote as much that's British as possible and I know of at least one greengrocer who can't sell French apples.

Currently David Mellor shops at 4 Sloane Square, London, SW1 and 66 King Street, Manchester are holding a special display of handmade English baskets. More than chavvinism is involved here, though, for the craft of basket-making is one that we should be proud of and that deserves our support. David Mellor has almost 80 different types of basket on show (and, of course, for sale) and in the great variety of their size and colour they do represent a

fascinating glimpse into an often neglected craft.

The number of workshops making baskets is diminishing every year but happily for the moment it is still possible to buy the original trade baskets — Suffolk Skeps which are large with two

handles and used by the Suffolk agricultural workers. Then there are raspberry and potato baskets, used for gathering in the harvest, pea baskets as supplied in pea pickers for measuring out a half or a whole bushel.

There are original Covent Garden baskets, cheese trays, herring baskets and the cutlery tray in white osier drawn above. Prices vary from £1.06 for rush flower pot covers (50p p & p) to £51.80 for a large rush log basket, while the cutlery tray sketched above is £14.35 and an ordinary willow log basket is £22.

I know that all the splendid new polishes that are currently on the market do have amazing new technological advantages (i.e. some of them have anti-static ingredients, others have silicone to increase the shine and so on) but none of them has the magic ingredient that is found in good old-fashioned beeswax polish — that lovely old-fashioned smell that seems to be a combination of herbs and lavender. It isn't always easy to find the true beeswax polish but Jaes Hudson of Upper Warrington, Oxfordshire, has developed a polish that is based on a traditional recipe found in an old pharmacy book lent by a local chemist.

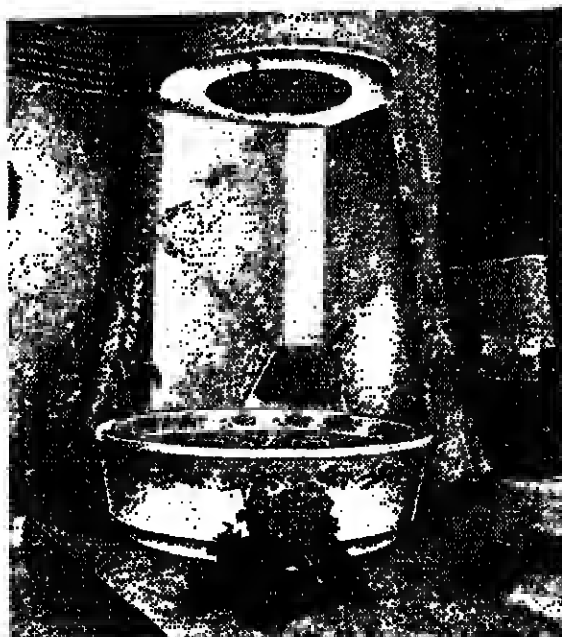
Jane Hudson now makes the polish in quantity and sells it either by post from her own home (write to Jaes Hudson, Upper Warrington, Banbury, Oxfordshire) or it can be found in the shops attached to many fine old houses. It is sold under the name of "Mrs. Hudson's Fine Beeswax Polish" and a pack containing two jars can be bought for £2.50 including postage and packing.

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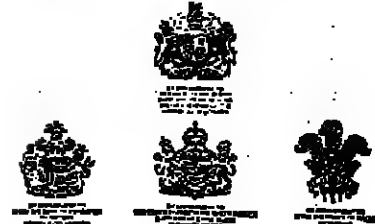
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## ARTS

## Between the Acts

BY ANTHONY CURTIS

YOU need deft fingers to un-pick one of Virginia Woolf's novels for the purpose of turning it into a play, to be performed on Radio 3. If you are not careful her subtly woven tapestry will end up merely as a ball of brightly coloured wool. Liane Aukin who took *Between the Acts* to pieces for performance earlier this week (Radio 3, October 5) was scrupulous in keeping in as much of the interior, so to speak, as she could, but not unexpectedly it was the outward aspect of the novel, the wonderful scenes of the pageant, rather than the thoughts and emotions of the people watching it, with which she and the producer David Spenser were most successful.

In 1934 E. M. Forster was drawn into writing the "book" for a pageant in aid of the church-restoration fund at Abinger. This must have suggested to Mrs. Woolf the main strand in the novel she came to write a few years later. Originally entitled *Pointz Hall* she made the family whose land is the setting for the pageant consist of a hard-pressed stockbroker, Giles (Terence Hardiman), his high-born, rather large wife Isa (Gemma Jones) who composes poetry as clandestinely as another woman might seek the gin-bottle in the kitchen dresser, their two young children, plus Giles's father, Burt (Robert Lang) and his sister Lucy Swinfin (Sylvia Coleridge).

It was this latter pair, the less complicated and, on the male side, less sensitive older generation, who tended to steal the show. Robert Lang's harsh military bark was perfect for the brutal Burt complaining his grandson is a crybaby, and when it comes to suggesting slightly batty old ladies on the air you cannot ask for more than those strange octaves of astonishment that pour out of the lips of Sylvia Coleridge. The book is especially rich in eccentric women. In addition to Mrs. Swinfin there is the unforgettable Mrs. Manresa (Moira Redmond), the wild child of nature who breezes in for lunch uninvited with her protégé, William Dodge (Christopher Goddard), a gay with a crushing inferiority complex. And last but by no means least comes the author of the pageant, the equally unforgettable Miss La Trobe, probably suggested by Ethel Smyth. Sarah Badel caught her mannerly style, the ebullient-smoking croak, betraying the egocentricity of the creative artist

thinly disguised as modesty, all too well.

The title *Between the Acts* has, it is said, at least three separate meanings. Like most of the remainder of the book, it refers, in the first instance, to the pauses in the story of England unfolded by the pageant from Roman times onwards. These pieces of mock history were done superbly with songs specially composed by John Bull.

Then to provide meaning No. 2 there are the intervals in the marital war between Isa and her husband which is resumed in the closing moments of the novel. "Before they slept, they must fight; after they had fought, they would embrace. From that embrace another life might be born. But first they must fight."

Finally the Acts have been interpreted as the two world wars, and the whole novel as a composite image of English life as it existed between them. It may well be so but there is almost no sense of what the Radio Times calls "the threatening shadow of a European war" in the actual book. The people are strangely immune to contemporary politics beyond one reference to Daladier and the franc, and another to Jews. Miss Aukin had to interpolate the name of Hitler and unWoolfian lines like "a Europe hissing with guns." What does pervade the story is an appalling sickness and stench. The tone is set at the outset: "It was a summer's night and they were talking in the big room with the windows open in the garden about the cesspool." That last word should have been left in.

I have not left myself adequate space to notice another most ambitious and worthwhile effort of the Drama Department which has been in progress for the past two weeks, a dramatization by John Arden of *Don Quixote* (Radio 4 UK, September 29 and October 6). In a sense the problem here is the same as the difficulty which confronted Miss Aukin. How to transmute something so essentially literary and allusive, which works simultaneously on so many different levels for the quick sophisticated reader's eyes, to the slow down-to-earth listener's ears? But even if in *Quixote* you only succeed in conveying the main narrative line and all the knockabout stuff that is still a great deal. Alfred Bradley, the producer, took the script at a swift pace with a reliable trio, Bob Grant, Bernard Cribbins, and Ronald Badley, as the Don, Sancho, and the author.



Louise James and Ian McDiarmid in a scene with The Trolls

## Peer Gynt

BY GARRY O'CONNOR

PEER GYNT is Ibsen's own free adaptation of the Norwegian legend of a man's journey through life: he wrote it in exile in southern Italy, where he had become, as he said in a letter to a friend, "reckless when one is so far from one's future readers." He went on "The locale has a great influence on the forms within which the imagination creates." In other words, one supposes, the play is as much Italian as Norwegian.

At the Oxford Playhouse, Adrian Mitchell's adaptation from Karin Bamberg's translation adds licence to Ibsen's. The cast speaks initially in Scottish accents. In Ian McDiarmid's performance as Peer the accent is so strong it is soon hard to determine the sense: "below it" becomes "blow it" and "hurts towards heaven's vault" emerges as an incomprehensible blast of aspirates. We are back in John Buchan's *Huntingtower* and Mr. McDiarmid persists throughout the rural plaidedness and until Peer reaches middle age in playing him as a Gorbals Diarhard.

The early scenes are always difficult, but they are not helped by a further liberty taken, with the music. Innumerable song duets, bursts of oratorio, specially written by Nick Bieat. Not only take the place of Ibsen's but make one wonder if Mr. Bieat had not *Candido* in mind and wanted to go the whole way. The hall of the mountain king

## The Mermaid re-surfaces

BY ANTONY THORNCROFT

THE MERMAID RE-SURFACES. It is two years ago now since the Mermaid Theatre at Blackfriars disappeared beneath a mass of rebuilding. If all goes well very much the same theatre, with significant improvements, should open again on June 1 next year. The improvements are the result of Bernard Miles' business sagacity: you do not spend 27 years putting on plays in the City without picking up some financial acumen.

Twelve years ago he applied for an office development permit and got one—from a Labour Government. He waited another ten years and then concluded a deal with Touché Remant which enabled it to redevelop the Mermaid site in return for £24m refurbishment of the theatre, which included dressing rooms and offices as well as 110 more seats and adding greatly to the catering facilities. Now Lord Miles is charming his way through the City appealing for another £1m, half of which is needed for furnishing the "new" theatre and the rest for an endowment so that the Mermaid can use the income to follow a more experimental and liberated production policy.

So far the response has been good, with the major banks contributing over a half the

£300,000 gathered in. Bernard Miles appeals to their business-like instincts. Since the Mermaid opened in 1958 it has mainly paid its own way, relying on the Arts Council, and the City for around 18 per cent of its income, a remarkably low figure in the theatrical world. It is one of the few theatres which continually risked having its Arts Council money cut because it was earning enough revenue through the box office to cover its costs.

The renovated Mermaid will be even more businesslike. In the ten months before its temporary closure it made £620,000 through the box office and £280,000 from catering. "The trick," says Lord Miles "is to link a luxury to a necessity, and eating is a necessity." So there will be three eating levels in the theatre and patrons will be encouraged to buy a double ticket, priced probably at £12, which will entitle them to a play and a full meal. They will also be able to pay less for a more basic dinner or more, perhaps £20, for the honour of dining with Lord and Lady Miles and any of their exalted friends who are around. Lord Miles is quite prepared to act the genial host if it keeps the Mermaid afloat. Anyone still hungry will be able to take breakfast, as well as lunch and

tea in the various Mermaid eating areas.

Lord Miles and his wife will remain as artistic directors of the Mermaid but he does not plan to act again. Instead he hopes to mount eight productions a year, which he believes is the right length for a run, even though it makes it impossible to recoup the costs. This is why the Mermaid needs Arts Council help. It has built up an enviable reputation for transfers in the West End including *Hodgins*, *Seven Years*, *My Darling Clementine* and most recently *How to Succeed in Business Without Really Trying*. But although this is good for the actors—the Miles approach is to get them to take modest salaries for the initial run of a production in the expectation of a good deal if the play is a success—it does not bring in as much cash as the headlines suggest. Lord Miles maintains that the Mermaid has never made more than £500 a week from a West End transfer, although, his personal investment in such hits as *Whose Life is it Anyway?* have no doubt made his job as one of the last of the actor managers easier. His ability in mixing artistic success with box office appeal, pioneering developments, and financial skill, in an area with no great tradition of philanthropy towards the arts, bodes well for the reborn Mermaid.

## Berkeley's violin sonata

BY ANDREW CLEMENTS

Ten months after its premiere at the Cardiff Festival, Michael Berkeley's violin sonata was brought to the Wigmore Hall on Thursday night by the partnership that gave the first performance. Yfrah Neeman and Martin Jones. Mr. Neeman has often been associated with the violin works of British composers. Mr. Jones has made a speciality of recording the music of early 20th-century Europeans. For both of them this sonata must have seemed comfortably familiar.

It would have fitted easily into any concert of contemporary British music presented in the last 30 years; in the 1950s the Cheltenham Festival made its reputation on promoting this

kind of earnestly thematic, honestly tonal piece. But if Berkeley's music does not extend any boundaries, or express anything previously unexpressed, the violin sonata is put together uncommonly well, in an assured, bravura mould with emphatic violin cadenzas crystallising out each of the three large-scale movements. An incisive, snarling first movement is recapitulated in varied and telescoped form for the finale, interwoven there with material from the central Adagio.

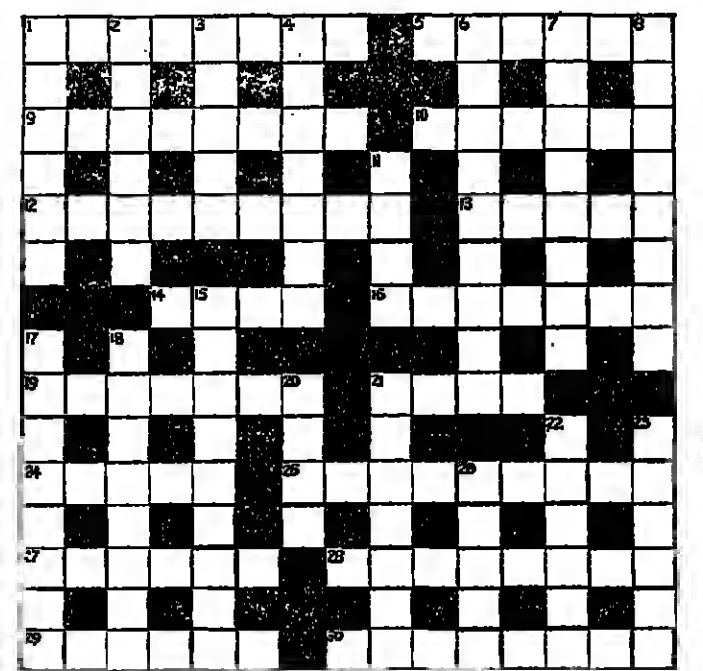
In the Adagio Berkeley does reveal a fresh, rather appealing strain of neo-romanticism, not touched upon long enough to clay and providing a few

moments of release from what is by and large a serious, un-forgiving work. The few nods towards Bartok—a motoric tag from the second piano concerto in particular—are responsible for generating much of the sonata's momentum; otherwise it sustains itself well and is expertly written for the two instruments. Mr. Neeman and Mr. Jones played the sonata quite brilliantly, and proved elsewhere in their recital to be a well-matched, thinking partnership. Mr. Neeman's very occasional sour patches were the only blemish; otherwise Schubert's G minor sonata and Frank's sonata were neat and restrained, the leanness of the violin tone matched by unsullied piano textures.

## F.T. CROSSWORD PUZZLE No. 4397

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.

Name .....  
Address .....



- ACROSS**
- Drive dangerously near to door at the back of a wagon (4)
  - ... and wagon taking on a package (6)
  - Examine a drink returned for a certificate (8)
  - Coin changed for nil (6)
  - Concerning lighter displacement of population (9)
  - Provide accommodation (hal) prearranged (3-2)
  - Ruffian with gas in trower (4)
  - Place the last word in a fruit-stone (7)
  - Drudge seen at the eotracoe? (7)
  - Sore spot, or filthy place to quarter (4)
  - Surround picture of a horse (5)
  - What doctors do in front of writer (9)
  - Lack of order, putting cab in motoring organisation (6)
  - Splash starter of soup in front of dish (8)
  - Confused green youth leader in vigorous activity (6)
  - Network in American football field (8)
- DOWN**
- Skinny picture of a military display (6)
  - Marching like soldiers on foot (6)
  - Drug an informer (5)
  - Itinerant to telephone about the second of July (7)
  - Course in metallic mixture for medical treatment (9)
  - Definition of date when children are at school (4-4)
  - Three square fasteners set up to be knocked down? (8)
  - Apprentice learner in gesture of salutation (4)
  - Meat to tie up and make powerless (9)
  - A mother going to auction for water (5,3)
  - Soft drudge the upper classes mix with handy for people (8)
  - Band to record (4)
  - Inactive guy may be on the line or under it (7)
  - One who poses for an easy shot (6)
  - Reserves turned up and ran after fish (6)
  - Plant clean end of rod (5)
- Solution to Puzzle No. 4396**
1. SKINNY PICTURE OF A MILITARY DISPLAY (6)  
2. MARCHING LIKE SOLDIERS ON FOOT (6)  
3. DRUG AN INFORMER (5)  
4. ITINERANT TO TELEPHONE ABOUT THE SECOND OF JULY (7)  
5. COURSE IN METALLIC MIXTURE FOR MEDICAL TREATMENT (9)  
6. DEFINITION OF DATE WHEN CHILDREN ARE AT SCHOOL (4-4)  
7. THREE SQUARE FASTENERS SET UP TO BE KNOCKED DOWN? (8)  
8. APPRENTICE LEARNER IN GESTURE OF SALUTATION (4)  
9. MEAT TO TIE UP AND MAKE POWERLESS (9)  
10. A MOTHER GOING TO AUCTION FOR WATER (5,3)  
11. SOFT DRUDGE THE UPPER CLASSES MIX WITH HANDY FOR PEOPLE (8)  
12. BAND TO RECORD (4)  
13. INACTIVE GUY MAY BE ON THE LINE OR UNDER IT (7)  
14. ONE WHO POSES FOR AN EASY SHOT (6)  
15. RESERVES TURNED UP AND RAN AFTER FISH (6)  
16. PLANT CLEAN END OF ROD (5)

## TV/Radio

BBC 1

+ Indicates programme in black and white

9.05 am Better Badminton. 9.30

Multi-coloured Swap Shop. 12.27

pm Weather.

12.30 Grandstand: Football Focus

(12.35); Golf, The Sunday

World Matchplay Championship

(1.05, 2.05, 3.50); Racing

from Ascot (1.50, 2.20, 2.50,

3.25); Show Jumping from

Wembley Arena (2.35, 3.05);

3.45 Half-time Football

Scores: 4.40 Final Score.

5.10 The Basil Brush Show.

5.40 Doctor Who.

6.05 News.

6.15 Sport/Regional News.

6.20 Larry Grayson's Generation

Game.

7.15 Juliet Bravo.

7.30 The Paul Daniels Magic

Show.

9.45 News and Sport.

9.50 Show Jumping from the

Wembley Arena.

10.30 Parkinson.

1.30 The Saturday Film:

"Raiders of the Lost Ark" starring

James Booth.

All Regions as BBC1 except as follows:

BBC Cymru/Wales—8.25-8.50

am Better Badminton. 8.50-9.30

Crackerjack. 6.15-6.20 pm Sports

New Wales. 1.00 am News and

Weather (nr Wales).

Scotland—4.55-5.10 pm Score-

board (1). 6.15-6.20 Scoreboard

(2). 1.00 am News and Weather

for Scotland.

Northern Ireland—3.05-3.50 pm

Rugby Union: Ulster v Romania.

3.00-5.10 Scoreboard. 6.10-6.15

Northern Ireland News: Sport.

1.00 am News and Weather for

Northern Ireland.

England—5.15-6.20 pm (South-

West only) Saturday Spotlight.

BBC 2

12.40-1.30 pm Open University.

2.55 Saturday Cinema (1) "The

Elastique Pimpernel" starring

David Niven.

4.40 Adventure Cinema.

5.30 Saturday Cinema (2) "Oh

Rosalinda!" starring

Michael Redgrave and

Ludmila Tcherina.

7.00 News and Sport.

7.15 Rugby Special.

8.05 "We, the Accused" (last

of five parts).

9.00 Battles of Broadcasting—

Sir Hugh Greene, former

Director General of the

BBC reflects on his 30

years' experience of those

"Battles of Broadcasting."

10.25 News On 2.

11.30 Golf: Highlights.

11.30 The Old Grey Whistle

Test.

BBC3 Northern Ireland only—

2.20-2.45 pm Tomorrow's World.

LONDON

8.35 am Sesame Street. 9.25

BJ and the Bear. 10.30 Tiswas.

SOLUTION AND WINNERS

OF PUZZLE No. 4391

Mr. G. M. Holmes, 20 Howells

Crescent, Llandaff, Cardiff

CF2 2AJ.

Mrs. C. K. Mullick, 70 St.

Cross Road, Winchester, Hants.

SO23 9LS.

Mr. H. Thomas, 1 Friezland

Lane, Greenfield, Oldham,

Lancs. OL3 7EU.

12.30 pm World of Sports 12.35

On the Ball; 1.00 Inter-

national Sports Special (Part

1) Motor Cycle Jumping

from Toronto. 1.15 News;

1.20 The ITV Evening—1.50,

2.00, 2.30 and 3.00 from York;

1.45, 2.15 and 2.45 from Avy;

3.10 International Sports

Special (Part 2) "Darts";

Europa Cup from Ebbw Vale;

3.50 Half-time Soccer

Round-up; 4.00 Wrestling;

4.50 Results Service.

5.45 News; 5.50 Sports; 6.00

Metal Mickey.

5.45 Buck Rogers in the 25th

Century.

6.45 Up for the Cup.

7.30 "Posse" starring Kirk

Douglas and Bruce Dern.

9.15 Hammer House of Horror.

10.15 News.

10.30 The Big Match.

11.45 Pro-Celebrity Snooker.

12.30 am Close: Personal choice

with Barbara Cartland.

All IBA Regions as London

except at the following times:

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ANGLIA

8.30 am The Beachcomber. 8.55

Raiders of the Lost Ark. 10.30

am Match at the West.

11.30 Paris. 12.25 am The Late

Debate.

ATV

2.10 am Play Squash Jenah's Way.

2.30 am The Adventures of

Black Beauty. 10.30 pm Sports

News Wales. 1.00 am News and

Weather (nr Wales).

Channel

5.14 pm Puffin's Play (1.45

Portrait of the Artist. 12.00 Night

Beyond.

GRAMPIAN

2.30 am Sesame Street. 10.00

The Adventures of Black Beauty.

10.30 pm Sports News. 11.30

am Match at the West. 12.25

am The Late Debate.

GRANADA

9.30 am Sesame Street. 10.00

The Adventures of Black Beauty.

10.30 pm Sports News. 11.30

am Match at the West. 12.25

am The Late Debate.

HTV

9.30 am Sesame Street. 10.00

The Adventures of Black Beauty.

10.30 pm Sports News. 11.30

am Match at the West. 12.25

am The Late Debate.

SCOTTISH

8.10 am Cul Car. 8.40 Chorlie's

Angels. 10.30 Scotport. 11.30

am Match at the West. 12.25

am The Late Debate.

SOUTHERN

2.30 am Sesame Street. 10.00

The Adventures of Black Beauty.

10.30 pm Sports News. 11.30

am Match at the West. 12.25

am The Late Debate.

TYNE TEES

8.00 am Saturday Show-up. 8.05

Reman Holiday. 3.30 Saturday

Show-up. 10.30 am Match. 11.30

am Match at the West. 12.25

am The Late Debate.

RADIO 4

6.25 am Shipping forecast. 6.30

News. 6.35 Farming forecast. 6.50

Yours. 7.00 News. 7.10 On Your

Farm. 7.40 Today's Papers. 7.45

Yours. 7.50 News. 8.00 Today's

Papers. 8.05 News. 8.10 Today's

Papers. 8.15 News. 8.20 Today's

Papers. 8.25 News. 8.30 Today's

Papers. 8.35 News. 8.40 Today's

Papers. 8.45 News. 8.50 Today's

Papers. 8.55 News. 9.00 Today's

Papers. 9.05 News. 9.10 Today's

Papers. 9.15



# COLLECTING

## Gem splendours

BY JUNE FIELD

These gems have life in them; their colours speak, say what words fail of

(The Spanish Gypsy)

I HAVE deliberately reserved Yvonne Hackenbroch's magnificent book, *Renaissance Jewellery*, published earlier this year, to feature in harness with the Victoria and Albert Museum's equally richly presented exhibition, *Princely Magnificence—Court Jewels of the Renaissance 1500-1630*, which opens on Wednesday.

Dr. Hackenbroch is consultative curator of the department of sculpture and decorative works at the Metropolitan Museum of Art in New York, and has spent 10 years amassing what is a remarkable tour de force of reference material, the first substantial research of its kind; and there is no question that a great deal of her monumental (and weighty) work will supplement the exhibition.

The preface to the book acknowledges that the fascination of jewels lives in the way they reflect human desires, emotions and ambitions—love and friendship, religious devotion or talismanic superstition, dynastic pride—or simply the collector's satisfaction in owning rare gems, and jewels that, however small they may be, are works of art in their own right.

Inventories of royal dowries, treasuries and wills are featured, valuable sources of information, records of possession revealing how and where, and for how much, particular items were acquired; and also if they had to be pawned or sold later.

Renaissance jewels were not only precious and personal decoration, but an important

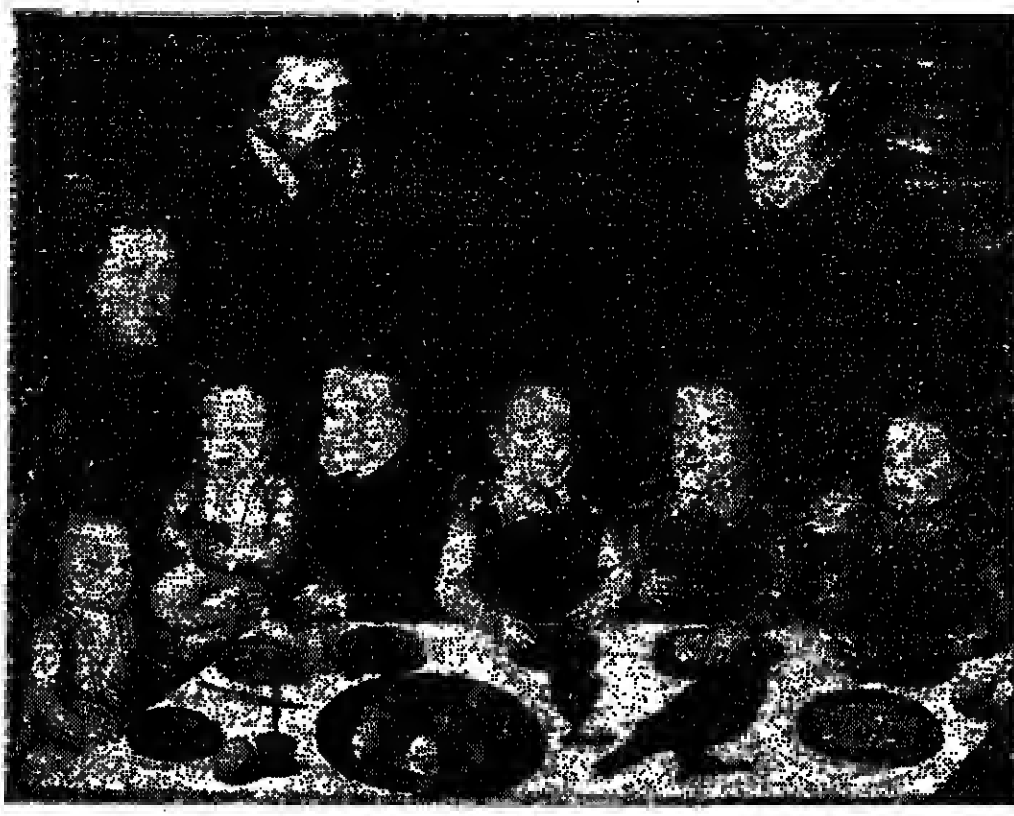
part of life during the 16th and 17th centuries; they were dowries for marriage, a basis for barter in commerce, and a reward from royalty for deeds of valour. Queen Elizabeth presented Sir Francis Drake with a pendant in 1579, a sardonyx cameo with rubies and diamonds hung with pearls. (The actual Drake jewel will be displayed at the exhibition alongside a version of the admiral's portrait which shows him wearing it.)

The author presents her material in sections covering country of origin, backed by over 1,400 illustrations, many showing how and when a jewel was worn. For instance, an Italian bride, Bianca Visconti, in a portrait painted in Milan 1493, has her plaited pony-tail braided with pearls, with the legend on the major jewel round her neck, *Mérito et Tempore*. Do your best and bide your time.

No dull recital of facts, the inventory is rich in readable anecdote and quotes. But it is not a book to devour at one gulp, rather to dip into from time to time.

Other jewellery historians might argue with some of Dr. Hackenbroch's findings. But in the September issue of *Apollo* magazine, Charlotte Gere, while querying some points, admits that the fact that the book should raise so many and varied questions, is an indication of its seriousness of purpose.

For an introductory leaflet, contact Mr. Stephen Trombly, Sotheby Parke Bernet Publications/Philip Wilson Publishers, Russell Chambers, Covent Garden, London WC2, and Biblio Distribution Centre, 81 Adams Drive, Totowa, New Jersey 07312, U.S.A. The book costs \$55 plus £3 postage, or \$135



Painting of William Brooke, 10th Earl of Cobham and his family, 1567, with even the little children bedecked with jewels. The painting, lent by the Marquess of Bath, will be in the exhibition *Princely Magnificence—Court Jewels of the Renaissance* 1500-1630, which opens at the Victoria and Albert Museum, South Kensington, on Wednesday until February 1, 1981. The photograph is also reproduced in Yvonne Hackenbroch's new book, *Renaissance Jewellery* (Sotheby Parke Bernet).

plus \$6 postage. At the V and A exhibition, there will be 250 very important jewels on display, plus designs for jewels, and portraits of people wearing their finery, much of it borrowed from collections all over the world; and the Victoria and Albert's own collection, never shown in full before, will form the nucleus of the exhibition which is costing between £80,000 and £90,000. The value of the loaned items is over £12m, plus more millions worth of items from the museum's own collection of

jewellery and paintings. As the organiser, Assistant Keeper Miss Anna Somers Cocks says: "Nothing similar is likely to happen again in our lifetime, not only because of the jewellery's great intrinsic value and the consequent security problems, but also because in selecting them, great emphasis has been put on the documented history of the pieces." This means that most of them have come from the oldest, the most distinguished and often the most inaccessible collections; for example from the Queen's collection, the Imperial collection in Vienna, the Treasury of the Dukes of Bavaria, and the castle at

Vaduz of the reigning Prince of Liechtenstein. There is also a fascinating section on the magical power of gems. For example, the garnet was supposed to drive out sadness and imaginary suspicions, and the peridot (a transparent, bottle green stone with a rather oily lustre) to cure diseases of the mouth and throat. The fascinating exhibition, which is designed by Paul Williams, who was also responsible for the V and A's Fabergé exhibition which drew such crowds in 1977, will be open 10.30-5.30, Sundays 2.30-5.30, closed Friday. Admission is £1.50, and there will be a colour catalogue published by Debreit's Peering at £3.95.

# Fighting the rain

GOLF  
BEN WRIGHT

IN CONDITIONS that can only be described as appalling the quarter finals of the Suntory World Match Play championship were rather fortunately concluded here this evening, because the greens-keeping staff swept the surface water from the greens before all the eight players could putt over the last nine holes of their matches.

The valiant local professional Bernard Gallacher, beat the defending champion Bill Rogers at the final hole and so earned a chance to meet the last remaining seed, Australia's Greg Norman, who beat Englishman Nick Faldo at the 38th hole.

In the second semi-final the last remaining American Peter Jacobsen, whom I saw win the Western Australian Open in Perth last November, and who has won the Buick Open in America this year, easily beat Spain's Seve Ballesteros by three and two to earn the chance to meet Scotsman Sandy Lyle, who crushed the favourite Japan's pride Isao Aoki by five and four.

The Gallacher match was easily the most fascinating in that it presented two extremes. The little Scotsman was playing nowhere near his best, but he is all very admirable as a competitor, and snapped at the heels of the mouth and throat. The fascinating exhibition, which is designed by Paul Williams, who was also responsible for the V and A's Fabergé exhibition which drew such crowds in 1977, will be open 10.30-5.30, Sundays 2.30-5.30, closed Friday. Admission is £1.50, and there will be a colour catalogue published by Debreit's Peering at £3.95.

hole. But his recovery shot struck in the water that was gathering in large quantities by now on the green—only five feet from the hole—and he salvaged a most unlikely half in four.

The Scot quickly won the 11th and 12th holes with solid birdies as Rogers started to lose his rhythm in the appalling conditions. Gallacher squared the match with a glorious fourwood shot to the green from a hanging lie at the 466 yards 15th hole, where Rogers was fatally bunkered. Now the match was all square, and Rogers felled out his drive just a little too far to the left, at the 571 yards 17th hole, and turned the ball over into a bush to lose the hole to Gallacher's perfectly played birdie. Both men were short of the final green on the lowest, wettest ground on the course. Rogers wedged to 9 feet and bravely holed the putt and after a few deep breaths, Gallacher followed him in from four to register his famous victory.

All through the loward half the gallant greens-keepers had had to sweep water off the line of the putts, and Rogers, who had had his chances to put his man away much earlier in the match—he was two up at lunch—slowly fell apart as the wirey little Scot went from strength to strength. Gallacher said later that he appreciated the slowing pace of the green since he was putting so poorly.

In the third match the last surviving American 26 year old Jacobsen who is accustomed to this weather in his native Portland, Oregon, was always on top of the Spaniard Ballesteros, who has known his share of this kind of day in his native Santander on the south end of the Bay of Biscay.

Jacobsen, who is trying out a new set of irons in this event and finds that they suit him because they are upright and he hooks the ball with them—ideal when the course is playing so long—was round in 71 in the morning to the Spaniard's 76 to be three up.

Jacobsen increased his lead to four with nine holes to play by reaching the final turn in level par 35, and from then on he coasted easily to victory in most impressive style.



Bernard Gallacher on top form

He looks very similar to the other Scottish hero Lyle and they should have a battle royal in their semi final tomorrow. Both men are immensely long and have slow rhythmic swings and Lyle overwhelmed the Japanese Aoki to win by 5 and 4 today, although he saw fit to use his driver only ten times in the 32 holes played.

Lyle, hit a glorious three iron shot to the green at the 471 yards first hole and bolted in the putt from ten feet for a winning birdie to go five up, and he almost holed his seven iron tee shot at the next for a two to go six holes ahead.

The Japanese came back to be only four down with nine holes to play but Lyle virtually killed him off with a 20 foot putt for a two at the par three tenth, and a great birdie four at the 453 yards 12th to win both holes, floating up a wedge shot at the latter two feet from the hole.

Faldo has only himself to blame for looting to the Australian Norman at the 38th hole. He was four up at lunch, two up with seven holes to play, but took three miserable putts from a negligible distance on the last green to allow the Australian to square the match and was then beaten by a 30 foot putt for a birdie on the 16th green the second extra hole in almost total darkness after the 15th—the 37th—had been halved in four.

# Passionate plantsmen

GARDENING  
ARTHUR HELLER

NO DOUBT there have always been gardeners more interested in individual plants than in any association of them for purely decorative purposes, still less in the theory and practice of the garden design. Some of them become specialists, and some collectors. They are the advanced plant breeders intent on exploring new areas of hybridisation and among them are also botanists fascinated by the ingenious mechanisms of plants or intent on unravelling the ancient relationships between them.

These plantsmen, as we have come to call them (and the term includes plantwomen for the love of plants has always been pretty evenly divided between the sexes) has been immensely important to gardens and gardeners in general by extending the frontiers of knowledge, introducing new plants or improved varieties of old ones, instilling in others and preventing any of us settling down into a meek acceptance of

things as they are or as the big advertisers would like us to have them.

For plantsmen in Britain, where they have long been particularly thick on the ground, things began to go wrong a generation ago when mounting costs of printing and publishing, and the consequent search by publishers for ever larger circulations to offset those costs, brought about changes in the whole character of garden literature. Specialist books, that could at best only be expected to sell a few thousand copies, began to decline in number until as a type they became almost extinct and the gardening magazines devoted a diminishing proportion of their space to these minority interests.

A pessimist unfamiliar with the zeal and tenacity of gardeners might have supposed that plantsmen, at any rate in Britain, were doomed. The final blow seemed to come in June 1975 when the *Journal of the Royal Horticultural Society*, last bastion of the plant enthusiast, changed its name and its character, becoming "The Garden" and setting out to attract a much wider readership with a greater diversity of material, much of it presented in a far more popular style.

Last year the Royal Horticultural Society and its publisher, New Perspectives Publishing, decided to make amends and in June produced the first issue of a new quarterly magazine, appropriately titled "The Plantsmen." In size it is exactly the same as "The Garden," which is convenient for hiding and placing on bookshelves, but in every other respect, paper, type, illustration and contents, it is totally different. This is a quality magazine produced for a specialist readership prepared to pay for what it wants: it is not cheap, £7.50 for an annual subscription or one pound less for RKS members, but presumably it has been realistically costed to be viable with a small circulation without benefit of advertising.

Like Rabbit, in *Winnie-the-Pooh*, plantsmen tend to fetch things for themselves or at any rate to get much of what they require by exchange or by purchasing one or two plants and propagating any further stock they may require themselves.

Now that we have seen six issues of "The Plantsmen" it seems fair to pass an opinion on how it is fulfilling its proclaimed purpose. The only major criticism I can imagine is that there are too few issues to cover all the multifarious interests of its readers. In this issue there

is an account of the aseptic culture of ferns at Kew and an authoritative article on the new synthetic pyrethroid insecticides by two of the principal scientific officers at Rothamsted Experimental Station, where much of the original research was done.

However, my favourite to date, also in this March issue, is a story headed "A Xyril Bloom at Kew." If you have never heard of a xyril and think, as I did at first, that it must be a spectacular misprint for hybrid, you are not alone, since, after a brief appearance in the early 19th century, no one seems to have been able to keep a xyril alive in Britain until 1977. That autumn Brian Halliwell, an assistant curator at Kew, was collecting plants in Tasmania, where some xyrils grow, and decided to have another go. Two members of the Tasmanian branch of the Society for Growing Australian Plants led him, through rain forests, to a pond where *Xyril muelleri* grew in wet sand with ferns, rushes and sundews.

A plant was dug up and back at Kew Mr. Halliwell was able to explain to Stephanie Joseph, charged with this untempted attempt to keep a xyril alive in captivity, exactly how it had been growing in the wild. So successful has she been that it has now produced a succession of its pale butter yellow flowers which open about 10 am and have all faded away by 4 pm.

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# Two major sprints

RACING  
DOMINIC WIGAN

THOSE BACKERS interested in a bet or two on the outcome of today's major sprints, the Bovis Stakes at Ascot and York's Coral Racing Champion Sprint, may be able to glean some useful information from an analysis of the build-up to the big events. For it was only at the final declaration stage that several trainers made their decision on which race to aim for.

Gypsy Dancer and King of Spain, who would have carried joint top weight of 10 st in the Bovis, run at York instead, where they join Captain Nick at the head of the Coral Sprint weights on the 10 st 4 lb mark. In contrast, Old Dominion and Westcombe have been pulled out of the York race, their

trainers preferring a tilt at the Ascot event.

Of the two races, the 19-runner Bovis Handicap looks the trickier, and here it is worth a tip to back the favourite, that I row in with Werryman, a tough and somewhat luckless stable companion to Heighlin, who was never in the hunt at Ascot yesterday. Ferryman clearly has a bright chance judged on his running in the Bridgewater Handicap at Salisbury last month. It was only in the final stride of that 13-runner event that the selection was overhauled by Strickly Swing, after looking all over the winner. Now a stone better off Ferryman ought to turn the tables in emphatic style. He is taken to score at the chief expense of Old Dominion, who has finally returned to something like his best.

Although Runnett has failed in the second half of the campaign to produce the sparkle which clearly saw him landing the King's Stand Stakes, he did

all that was asked of him at Beverley last month in giving weight and a beating to Arplur in the Ruffing Stakes. That long-overdue success will have boosted the Arundel colt's confidence, and he can follow up by outpacing the favourite, King of Spain, in the £12,000 added Coral Racing Sprint. Other possibilities on a day which looks unusually tricky for backers include Runnett's stable companion, Beau Reef, and Tushy, who go, respectively, for York's Sam Hall Memorial and the Cornwallis Stakes at Ascot.

ASCOT	
2.00 Western Knight	
2.30 Broomstick Corner	
3.00 Ferryman	
3.35 Pushy	
4.10 Major Gundry	
4.40 Herons Hollow	
YORK	
2.00 Black Minstrel	
3.00 Runnett	
3.35 Beau Reef	
4.30 Satin Box	

# ENTERTAINMENT GUIDE

## THEATRES

**AVOY THEATRE**, 01-838 8312. **Two nights only. 10.30. 11.00. 11.30. 12.00. 12.30. 13.00. 13.30. 14.00. 14.30. 15.00. 15.30. 16.00. 16.30. 17.00. 17.30. 18.00. 18.30. 19.00. 19.30. 20.00. 20.30. 21.00. 21.30. 22.00. 22.30. 23.00. 23.30. 24.00. 24.30. 25.00. 25.30. 26.00. 26.30. 27.00. 27.30. 28.00. 28.30. 29.00. 29.30. 30.00. 30.30. 31.00. 31.30. 32.00. 32.30. 33.00. 33.30. 34.00. 34.30. 35.00. 35.30. 36.00. 36.30. 37.00. 37.30. 38.00. 38.30. 39.00. 39.30. 40.00. 40.30. 41.00. 41.30. 42.00. 42.30. 43.00. 43.30. 44.00. 44.30. 45.00. 45.30. 46.00. 46.30. 47.00. 47.30. 48.00. 48.30. 49.00. 49.30. 50.00. 50.30. 51.00. 51.30. 52.00. 52.30. 53.00. 53.30. 54.00. 54.30. 55.00. 55.30. 56.00. 56.30. 57.00. 57.30. 58.00. 58.30. 59.00. 59.30. 60.00. 60.30. 61.00. 61.30. 62.00. 62.30. 63.00. 63.30. 64.00. 64.30. 65.00. 65.30. 66.00. 66.30. 67.00. 67.30. 68.00. 68.30. 69.00. 69.30. 70.00. 70.30. 71.00. 71.30. 72.00. 72.30. 73.00. 73.30. 74.00. 74.30. 75.00. 75.30. 76.00. 76.30. 77.00. 77.30. 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# FINANCIAL TIMES

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## Public sector is the key

THE PRIME MINISTER'S call for "an autumn of understanding" must have sounded rather hollow to some of the businessmen who were listening to her speak yesterday at the Conservative Party conference. "Understanding" is certainly an adjective that has not featured prominently in the Confederation of British Industry's recent references to government economic policy. Still less could it be applied to the uniformly unyielding tone of the speeches delivered this week by Mrs. Thatcher herself and her economic Ministers.

### Austerity

As a public relations exercise, the conference could hardly be described as a triumph. Stern as ever, Ministers showed much more enthusiasm in delivering their prophecies of continuing austerity and hardship than in offering glimpses of the hopeful future towards which they claim to be steering Britain. In a sense this was only honest. The immediate future holds out no obvious prospects for a rapid economic transformation. The "slog" is indeed going to be a long and hard one.

Yet speaking, as they were, to the most sympathetic possible audience, Ministers could have taken the opportunity to stress the more positive aspects of the Government's economic policy. In the crucial stage which the economic strategy is now entering as the new pay round begins, Ministers will have to provide clearer and more positive leadership than they did last autumn. They need to explain to wage earners not only that many more of them will lose their jobs unless wage inflation falls sharply, but also that in the event of moderation prevailing, there would indeed be good reasons for expecting a substantial, and sustainable, economic improvement.

To get the positive side of its economic message across to the public, the Government should perhaps try to spell out more clearly how it expects the long-awaited reduction in inflation to stimulate real economic activity and employment in the years ahead. One of the reasons for the widespread dissatisfaction, even among Conservatives, with the Government's so-called monetarist experiment is that Ministers themselves showed signs of confusion about the precise way that monetary policy was supposed to work, and even about what constituted monetary policy. There is nothing more galling for those who are called upon to make the sacrifices, whether they are workers, businessmen or investors, than seeing the Government itself dithering over the application of its own policies.

Above all this applies to the Government's efforts to control public spending and borrowing. As Thursday's Central Government Borrowing figures showed,

this aspect of policy has, so far, been a failure, supply expenditure over which Ministers theoretically have direct control, has risen by almost 30 per cent over last year's already high level. Borrowing is stuck well above the Government's targets and would have been far worse if it had not been for the Chancellor's prudent decision, in the last Budget, to increase substantially the real tax burden.

These were not the policies which the Government was elected to pursue. More importantly, the uncontrolled growth of public borrowing has, on the one hand, made the Government's chosen monetary growth path apparently unattainable and, on the other, greatly exacerbated the pressure on the private sector generated by the Bank of England's attempts to steer the money supply towards the targets. This week's banking figures suggested that the worst failures of monetary control are now probably over. But the lack of encouragement on interest rates in the Chancellor's speech on Thursday made it clear that the Government does not imagine that controlling the money supply in the months ahead is going to be at all easy.

### Profligate

Ministers have made it quite plain that they regard excessive public spending as the root cause of many of the past year's economic disappointments. Many of their recent speeches have centred round denunciations of excessive public spending and in particular, of excessive pay settlements in the public sector. But to hear Mrs. Thatcher saying that "higher public spending, far from curing unemployment, could be the very vehicle that loses jobs and causes bankruptcies," one could almost think that she was an Opposition leader castigating a profligate government over which she had no influence. What Ministers have not yet shown in the battle against excessive spending and borrowing is the ability to put their own houses in order.

In the months ahead, the Government will have the opportunity to show that it is capable of shouldering responsibility for the level of public spending, including most importantly defence, debt servicing costs and local authority spending. To do this it will have to take difficult decisions and acknowledge that, in the final analysis, it cannot shift blame on to others, whether the issue is public sector pay settlements or the excessive cost of borrowing by traditional methods. A Government which has been demanding responsibility and realism from the nation must fulfil its side of the bargain.

THE POLICY message from the Conservative Party Conference in Brighton this week can be simply stated: it is that the Treasury team is still in charge.

The Government's economic ministers are worried about the continuing high level of public expenditure, rising as a proportion of the gross domestic product because of the recession. There is particular concern about the demands of the nationalised industries and regret that the size of last year's pay settlements, especially in the public sector, has made the task of controlling inflation more difficult within the required political timetable.

The promise of a further round of tax cuts has been postponed. For Sir Geoffrey Howe, the Chancellor of the Exchequer, it has become a case of not counting the chickens before the eggs have even been laid. Yet despite this sombre note, there is no immediate challenge to existing policies. Stories of increasing opposition from within the Cabinet should be discounted. The Cabinet under Mrs. Thatcher does not work that way. Economic policy remains the prerogative of economics Ministers and the Prime Minister herself.

The main opposition at the conference indeed came not from the so-called Tory wets, but from the Right. True, there were demands for a cut

### The same people holding the same portfolios

In interest rates, and one of these days MLR will be reduced. But what it all came down to was the charge that the Government had been too lenient about public spending, perhaps especially at the local authority level. That is the message which everybody took home, no doubt to the Prime Minister's great pleasure.

Far more interesting was to observe the way Mrs. Thatcher leads the Party and the social changes within it. At the top very little has altered since the days when she first took over the leadership, except that she is now Prime Minister. On the whole, there are the same people holding the same portfolios. Reshuffles under Mrs. Thatcher tend to come about largely by accident or death. The Cabinet does not look any more organised than did the old shadow cabinet. Ministers still go about stating their own beliefs just as they did when they were shadows.

The most obvious example is Mr. James Prior at Employment. Mr. Prior is by now probably immovable without the equivalent of a palace revolution which, as I have observed before, hardly makes Mrs.

Thatcher look like a strong Prime Minister. But there are others. Mr. Peter Walker has never made any secret of his belief in the need for Government intervention in industry. He is using his position as Minister of Agriculture to restate it.

Take, for instance, his speech to the Conference on Wednesday. Part of it was not about agriculture at all; it was a noose too oblique attack on the industrial policies of the present administration. Mr. Walker explained that agriculture had prospered in Britain because of its closed relationship with government. In other countries industry prospered for the same reason. What he was actually saying was that he thought that the non-interventionist approach of Mrs. Thatcher and Sir Keith Joseph, the Industry Secretary, was wrong. Nobody turned a hair. The barons are allowed to say what they like.

Incidentally, someone in the Tory Party ought to take up Mr. Walker on his pledge to maintain the door-to-door milk distribution system. It adds to the cost of the milk and is not a very productive form of employment. The Germans seem to manage very well without it. Would he give the same pledge to steel workers, car workers and shipbuilders? The implication is "yes."

There are also Ministers who preach from the Right, but whose advice is not always heeded. Mr. David Howell, the Energy Secretary, told the conference "Our capital owning democracy is now on the march." Yet that description does not quite fit the Government's rather timid approach to the British National Oil Corporation. It is not entirely Mr. Howell's fault, though there are some who say that he should have pushed harder. It is the Prime Minister who has long been resisting selling BNO shares to the public on the ground that it would be rather like selling the family silver.

Mrs. Thatcher deals with her collection of inherited and chosen barons in a number of ways. One is the traditional one of confining sensitive decisions to the Ministers directly concerned. The conduct of economic policy has already been cited. Another example is the purchase of the Trident missile system. The Labour Government behaved in exactly the same fashion by consulting only those who mattered. But one should not expect Tory Ministers who were kept in the dark to react any differently from their Labour predecessors. Some of them are distinctly unhappy about the way the decision was taken. There is very little discussion of major matters by the Cabinet as a whole.

Yet Mrs. Thatcher heads off any potential opposition by appealing over the heads of the Cabinet to Conservative back bench MPs. She goes out of her way to cultivate them and indeed on economic policy there is probably proportionately more support for her approach among her back benchers than among her Cabinet colleagues.

## POLITICS TODAY

Malcolm Rutherford

# The essence of Thatcherism



Hugh Routledge

Thatcherism: "A word to be used with pride"

The Cabinet opposition has been outlasted even before it has formed.

Even more, Mrs. Thatcher plays to the Conference and beyond that to the country at large. This year the conference belonged to her. A number of speakers said that Britain had two main assets. One was North Sea oil and the other was Margaret Thatcher. That may be an absurd exaggeration, but it is what the bulk of the Conservative Party in the country seems to believe. So long as that belief continues, opposition in the Cabinet scarcely counts. No one else could touch her for a popular appeal.

A lady speaker from Aber-

avon said that the word "Thatcherism" tended to be used as a term of abuse whereas it ought to be used with pride. In fact, she was on to something. There is a phenomenon called Thatcherism, but it is quite different from traditional Toryism. It is, above all, populist.

Thatcherism prevails at the moment partly because the Conservative Party has itself been changing. In a way that is only to be expected. It is unlikely that such a large organisation would remain immune from the social changes that have been going on around it (though perhaps the Labour Party has). But the extent of

the change has not yet been widely appreciated.

You can see it most in the trades unionists. Trade union participants in Tory Party conferences used to be a rarity, rather like a token black or token female on a company board, probably pretty tame but deserving of special applause simply for being there. All that is over. Tory trades unionists are now a noticeable force in the Party.

The proof of it is that there is a section of the old Party which dislikes the intrusion. Mr. David Milburn, a union member from Chester-le-Street, made himself distinctly unpopular when he appeared in the overall, spoke up for the unemployed, demanded the sacking of Sir Keith Joseph and a Cabinet seat for Mr. Edward Heath. Part of the conference reacted by giving him the slow handclap, just like the Labour Party at Blackpool. (One of the more unfortunate effects of social change is that bad manners are catching.)

But Mr. Milburn did not back down. Nor did Ms. Meg MacDonald, another Conservative trade unionist who works in the Unemployment Office in Hartlepool. She warned that cuts could go too far; she herself had been on strike the other week because of the lack of heating. "Shame!" cried the conference. "Try working for a living!" bellowed the man next to me. She was not intimidated. Clearly the Tory trade unionists mean business; the Labour Party had better take note.

There is also a change in Tory women reflecting changes that have taken place in society. They no longer look as if they had all just stepped out of Harrods. Many have been affected by the women's movement and have become more independent and more assertive. Like Ms. MacDonald, they do work for a living, some of them at quite menial jobs. They tend to talk the language of sociology.

Again, the Tory Party is no longer immune from single issue groups of the kind usually associated with Labour or the Liberals. One would not be wholly surprised to find a group set up called "Tories against nuclear power" or even "Tories against the Bomb." There is already a body known as "Tories for Free Choice" which exists to defend the 1967 Abortion Act.

Even the longer established groups, such as the Bow Group or the Monday Club, seem to be becoming more competitive. The most liberal of them all, and it is very liberal indeed, is the Tory Reform Group (TRG). The following conversation was overheard at one of its receptions. "Tell me," said a Tory MP who is a TRG supporter, "has Roy Jenkins approached us yet about joining the Centre Party and what are we going to say to him?" It appears that no such approach has been made, but it is at least interesting that, however hypothetically, a Tory group should be considering a response.

None of that is bad. On the contrary, it seems to me to show that there is considerably more life to a Tory Party Conference than generally meets the eye.

The Tories are moving with the times, even if what has been united them is confined to Mrs. Thatcher's populist appeal. It will be different if she fails. The Conference next year will coincide with the Party having been 2½ years in office and half way towards a general election. That is the one to look forward to for those who want more visible excitement.

There remains two criticisms. The first is that the attack on the Civil Service and especially local government has now been carried too far. Any speaker had only to mention inflation-proofed pensions or local bureaucracy in order to win instant applause. When Mr. Edward du Cann defended the quality, though not the size, of the British Civil Service, people looked round in amazement that anything good could be conceivably said of the men from Whitehall. The conference onslaught on the Civil Service for refusing to carry out government policies made the Tories sound just like the Labour Party, and the far Left-wing at that. It is irresponsible, bad for Civil Service morale and ought to be stopped. There is everything to be said for cutting, but not for wishing that officials could be dispensed with altogether.

The second criticism is that the Party looks a little short on future planning. Mr. Michael Heseltine, the Environment Secretary, actually defended the present rates system even though the Tories are committed in the longer term to its abolition. There appears to be little sign either

### The attack on the civil service has been carried too far

of preparations for long term tax reform. Almost nothing is being said about North Sea oil revenues. Finally, the Party gives the impression of wishing to cut public expenditure for its own sake. Few questions are being asked about what is the desirable level of public services if and when economic stability is achieved. The possibility that it might actually be good for some services to be public is scarcely even raised.

The Tories, in short, are a bit complacent about continuing to win the intellectual argument. Certainly they have won it for the moment, but they should not simply bask in popular appeal. There is beginning to be a plausible set of alternative policies—for example, on social services and public expenditure—of which a Labour leader in a position to do so could take electoral advantage.

### Post Office

YESTERDAY'S article on telecommunications should have stated that there are over 20m telephones in the UK connected to 17.6m exchange lines, a 7.5 per cent increase on last year.

## Letters to the Editor

### Patriotism

From the Chairman, Better Buy British Campaign.

Sir—Amidst a plethora of red, white and blue it is estimated that the promotional campaigns deluging the high streets are costing in excess of £20m simply to spell out the Buy British story.

It is now almost impossible to buy food, a car, a bike, a carpet, apples, an air ticket, a coach ticket, or tools without being aware of the Union Jacks being waved by whoever is promoting their particular Buy British interest.

It could be this almost cynical self-interest of these campaigns that could doom them to failure. Without over-dramatising it does seem as if desperate efforts are being made to paint the stable door, we left wide open to foreign imports, in red, white and blue after the strength of the economy has "hollowed."

Ladies of spirit having "polished up their Coss apples" have jumped into their French cars to teach the Golden Delicious Frenchies a lesson, firms promoting a "Buy British tools" campaign have offered foreign holidays to firms participating in the campaign. Farmers driving foreign cars and using foreign farm equipment have been loud in their claims for protection against sales of foreign agricultural products in the UK market.

The grim precedents of the shadow of economic blight and harrowing unemployment before the 1914 and 1939 wars remind us of how patriotism is whipped up in these circumstances. As we now almost wrap the corpse of the British economy in the Union Jack are we seeing a self-centred patriotism being exploited as a last desperate effort to bring profit to the very people who, in many cases, were the exponents of the wide open door of free trade.

Certainly however misguided some of the razzamatazz is the shock brought about by over 2m of our British workers being without work may remind us

what we stand to lose in our "green and pleasant land" by allowing unrestricted imports.

Until we bring a sane policy, exploited by most of our overseas competitors, of balanced trade into our economy all of the flag waving will achieve little.

Wilfrid King, Better Buy British Association, 17 Hargreave Close, Tunbridge Wells, Kent.

### Dichotomy

From Mr. J. Clover.

Sir—I have been hoping to read that among plans for the simplification of administrative procedures consideration was being given by the Government to the time-wasting situation arising from the fact that tax payers often find themselves dealing with more than one tax office.

If one finds oneself assessed under both Schedule D and Schedule E one suffers the disadvantage of dealing with two different districts. The two inspectors and oneself have a merry time trying to come to the same conclusion—the whole operation sometimes taking the best part of a year, especially if one of the districts is decentralised usually to the north of England.

Surely it should not be beyond the wit of man, or the organising abilities of the Inland Revenue to operate a system where the affairs of each tax payer are handled in one office and one office only. John Clover, Penny Edge, Pine Walk, East Horsley, Surrey.

### Spending

From Councillor J. Gouldbourne.

Sir—Refusal to admit existence of unnecessary expenditure stalling in local government, can only be attributable to self interest of senior executives and a desire to preserve protected career structures. There are still very large areas of uncontrolled expenditure arising out of the foregoing

factors, which give rise to unnecessary salary increases and outlays running into tens of millions yearly.

Two large examples are sewerage and highways "agencies." At least one-third of the massive water board budget allocations are uncontrolled, as is also a substantial part of all county councils highways provision. In both cases district council lares are asked to check the amounts, on the specious grounds that "they are all rechargeable in full."

Without "agencies," district council cash flows would require more careful management, as the "open ended" charge for administration would be lost, and most of the district council departments staff structures would be truncated, as was intended by reorganisation in 1974.

Reorganisation intended a corporate approach to local expenditure and management. What we have instead is under-employed and overpaid chief executives, sitting on top of inverted pyramids of lesser under used semi-technical staffs. Correct this situation and the savings will be monumental. John Gouldbourne, 6 Queen Mary Avenue, Lytham St. Anne's.

### Settlements

From Mr. C. Dauris.

Sir—I fear that Mr. W. Wood's plea (October 6) for sympathy from large companies towards smaller ones over prompt settlement of accounts will, like previous such appeals, fall on too many deaf ears.

The most blatant offenders will continue telling suppliers (after deliveries) how long credit they intend to take, while others will produce the programmed excuses: "We have just changed our accounting system (again)" and there is some delay (again). "We have mislaid your invoice (again)". "Our branch manager has changed (again)" so we must ask you to prove delivery," etc. While such practices cannot

be stopped, they would almost certainly be reduced if more widely exposed. That could be done by its being made compulsory to state in annual reports whether the times allowed by trade creditors for settlement were exceeded (all excuses waived) and, if so, by what periods. No more effort would be needed to produce such information than is now expended by the accounts departments of many big companies on dividing their suppliers into categories by the urgency with which repeat orders are required and paying them accordingly.

Published information about conformity with terms of payment could be embarrassing as it would be open to challenge by existing suppliers. Also it could be of assistance to potential suppliers.

In companies where this threat cuts little ice, perhaps at the AGM a kind-hearted shareholder would at least propose a vote of thanks to all those who have performed lent money to the company, interest-free, during the previous year. C. J. Dauris, Goodalls, Middle Street, Nazing, Essex.

### Bizarre

From Mr. J. Bescohy.

Sir—I wish it were not necessary to write this letter, but Mr. E. B. Harper's experience (Oct. 4) is, unhappily, not unique. I too have been looking for a batchback and considered, among others, the Austin Maxi. My local dealer seemed the obvious first choice and I telephoned him. His first comment was that the cars were difficult to get and that he had none in stock. When we began to discuss discount he offered 7½ per cent and, though I have no vehicle to trade-in, this was the best he could do. (The competition was offering between 10 per cent and 15 per cent). As a final encouragement for me to buy he said that he would "be prepared to hunt around and try

and find me." This when Cowley is on short-time working and the plight of the British motor industry is publicised almost daily.

Comment seems superfluous, though I'm sure constructive comment would be useful, if only to help explain such bizarre behaviour.

J. H. Bescohy, University of Newcastle upon Tyne, Suh Department of Industrial Management, Stephenson Building, Newcastle upon Tyne.

### Telex

From Mr. J. Worhurst.

Sir—The quarterly rental charge on our Telex installations has in the last four years increased from £148 to £235, an increase of 72 per cent.

How scandalous that a public sector industry can increase its charges four times the current rate of inflation. Jeffrey Warhurst, Green Farm, Station Under Brailles, Banbury, Oxon.

### Payments

From the Managing Director, ATP International.

Sir—I refer to the letter from Mr. R. Sykes "Sales generate liquidity" (Oct. 8). Sales, of themselves, do not generate liquidity. Payments do. That is a lesson that credit controllers are for ever trying to drive home to sales executives. Norman Gantz, 54/58 High Street, Edgeware, Middlesex.

### Telltale

From Mr. D. Meggitt.

Sir—The solution to the problem of untaxed vehicles is, perhaps surprisingly, the Swansea computer.

The latter has just advised me that my car was due to be relicensed on October 1. As I do not intend to use the car for

some time, I should be obliged to tell this to the computer, explaining exactly the circumstances, and to be subject to penalty if I don't.

This is what would happen if I failed to renew my TV licence, as I once did, and an inspector came round to ask why!

Maybe we should put the two computers together and see what they come up with. D. K. Meggitt, 3, Parkside, Kew Road, Richmond, Surrey.

### Revenues

From Dr. R. Day.

Sir—Many will have had sympathy with the views expressed by Sir Arthur Bryan in the report on Wedgwood (October 2), except that is, for the view concerning producing overseas.

Many economists believe that the best way to use the proceeds of North Sea oil, and to keep the value of the £ at a tolerable level, is to invest a substantial portion (say 50 per cent) overseas. While this has been frequently stated, not least in your columns, how it is to be achieved is rarely discussed.

It seems to me that Wedgwood has precisely the sort of products for such overseas investment: high added value, well known, a strong market. But it does not have access to North Sea oil profits. A mechanism is surely required if overseas investment of North Sea oil proceeds is to be sufficiently diverse and worthwhile. As the Government is a major beneficiary of the North Sea oil proceeds (and thus, like it or not, has already intervened) it seems unlikely that market forces alone will provide this.

(Dr.) R. E. Day, 137, Wyndley Road, Hitchin, Herts.

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How a small Australian company came to borrow billions of dollars. Richard Lambert reports.

# Woodside Petroleum's outrageous luck

IN 1963, a tiny Australian exploration company secured for £100 exploration permits covering 144,000 square miles of ocean off the remote north-west tip of Australia. Seventeen years later, the same company—which is still a minority-owned by international standards—is about to complete one of the largest corporate bank financings ever undertaken in the eurocurrency markets.

The company, Woodside Petroleum, is not going to stop there. The eurocredit which will be syndicated among a wide group of banks later this month is for well over US\$1bn: within the next 12 months, the company hopes to have arrangements in place for an additional credit facility of \$2bn to \$3bn.

Through an outrageous combination of luck, bluff and sheer determination, Woodside has been able to secure a 50 per cent share in one of the world's major energy developments. In very rough terms, its exploration on Australia's North West Shelf has turned up something broadly comparable to the North Sea's Frigg Field, with reserves in excess of 10 million cubic feet of gas and a life of about 20 years.

Although Woodside has been obliged to share the cake with a number of much bigger companies, including oil majors like BP and Shell, it remains the operator and manager of the field.

It could not have held this position without access to enormous slabs of finance—during the past 12 years, the capital cost of the project will amount to the best part of \$10bn in money of the day terms. And with net assets of under \$400m, it would not have had a hope of getting that kind of money had it not been for three current features of the international banking scene.

The first is that the banks

have surplus funds looking for a home. The second is that because they believe the price of oil is going to remain high in real terms, anything to do with energy is the home they like best. The third is that in the quite recent past, Australia has climbed up the rank of borrowers and is now rated as one of the best risks in the Eurocurrency markets.

This stems from its prudently managed borrowing programme in recent years, its relative political stability, and its standing as a country rich in natural resources. Thanks to its coal, gas, uranium and oil reserves, Australia is reckoned to have the largest absolute surplus of indigenous energy over domestic requirements among all the members of the Organisation for Economic Co-operation and Development.

As recently as the third quarter of 1978, Morgan Grenfell—the UK merchant bank which Woodside appointed to oversee its financing arrangements—concluded that the economics of the project would not be such as to secure the necessary support from the world's banks. But within a matter of months, that advice was changed.

As one rival banker commented ungrammatically, "If I were those guys at Woodside, I'd be on my knees three times a day giving thanks to Tehran."

Last year's surge in oil prices

what put the bankers on the plane to Australia.

The timing of last year's oil price increase is only the latest—perhaps the greatest—of Woodside's lucky breaks. The first came in the way that it secured the permits in the first place. Launched in 1954, the company was struggling for its life by 1958, when its cash resources amounted to £94 and its current liabilities to around £5,000. It scraped up the funds

## THE SCALE OF THE PROJECT

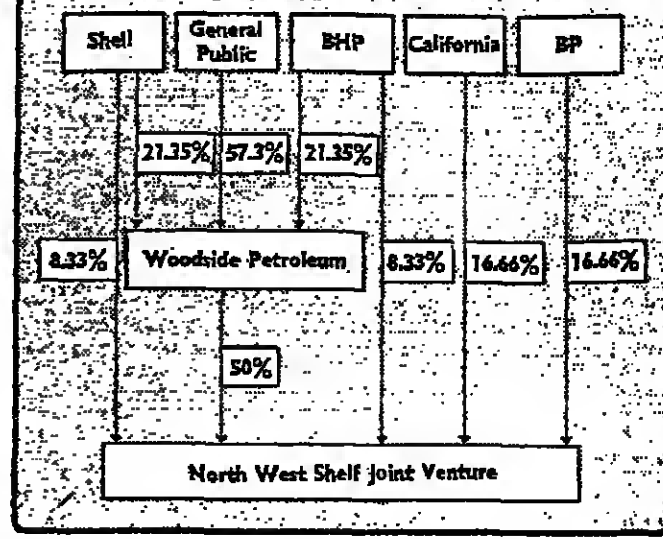
IN ONE of the most remote corners of Australia, the North West Shelf natural gas project will consist of:

- One of the world's biggest production platforms 135 km offshore ready to supply gas to Western Australia in 1984.
- A second platform to be in production two years later, lifting gas production to the level needed to sustain exports of liquefied natural gas (LNG).
- A third platform to be established in the early 1990s.
- A pipeline, mostly buried beneath the sea floor, carrying gas and liquids to the processing facilities on shore.
- A treatment plant capable of producing 35m cubic feet

of gas a year for sale in Western Australia; 1.4m tonnes of condensate a year; 640,000 tonnes of liquefied petroleum gas (LPG) a year; and 6m tonnes of LNG a year.

- Storage and shipping facilities.
- Accommodation and amenities for employees. During the peak construction period in early 1983, the project will provide direct employment for 5,000 people, and when operational it will directly employ about 800.
- A fleet of specialised carriers to transport the LNG.
- A 1,500 km pipeline to carry gas through Western Australia.

## NORTH WEST SHELF OWNERSHIP STRUCTURE



to back its application for the permits with a promise to spend £20,000 on an aeromagnetic survey, and it got its foot in just in time.

Large international oil companies were just starting to step up their activities in Australia, and the possibilities of the North West Shelf were beginning to be appreciated.

Within weeks of securing the permits, Woodside was inundated with inquiries from other companies seeking a slice of the action, and by tying up a joint venture arrangement with Shell and BHP, it was possible to get a major exploration programme off the ground.

Ever since then, Woodside's big struggle has been to retain a significant independent stake in the project, since it has had virtually no cash flow from other activities to support its investment. Instead it has had to rely on a stream of rights issues and share placings to keep its place at the table.

"Probably the most important factor is that I understood stock market timing," says Mr. Geoff Donaldson, the company's chairman. Six foot eight and 68, he has been chairman for 24 years and as a stockbroker, he understood Woodside's first issue of shares to the public 26 years ago.

"The Australians do not understand risk capital, but they do understand a gamble," he says. "In the old days you'd make an offer at six pence and the public would ignore it. A few months later, they'd get a sniff that something was happening and they'd rush in to buy at a pound because they thought it was going to go to two."

The big moment of discovery came in 1971 and that led to a surge of fresh development spending. In the last seven years alone, Woodside has had five rights issues raising roughly \$300m in all. That is quite an achievement for a company that is unlikely even to start think-

ing about paying its first dividend for perhaps at least six years.

Woodside's struggle to remain independent must also have been helped by the way that successive Australian Governments have pressed for local interests to retain an important stake in natural resource projects. Over the years, Shell and BHP have between them acquired 43 per cent of Woodside's equity (BHP took BHP's shares when it ran into trouble) and there must have been at least the possibility that Shell would have wanted to go further if there had been no political constraints.

As it is, Shell and BHP now have a majority on the Woodside Board, and the company's credibility as an operator on the project depends heavily on the personnel who have been seconded from its two big shareholders, particularly Shell. However, the presence of powerful shareholders and

partners in the venture has not played any part in the financing arrangements which are now under way. From the start it was clear to the company and Morgan Grenfell that there could be no question of offering would-be lenders any guarantees about the completion of the project, or any prospect of comfort from the other partners if something went wrong with Woodside. Instead, lenders have to rely for their security solely on Woodside's share of the future cash flows from the development.

The credit facility which is about to be syndicated will provide finance for the first phase of the project, which is to provide gas to the State Energy Commission of Western Australia, starting around mid-1984. The joint venture has a contract with the Commission, with escalation clauses based partly on competing energy prices and partly on the cost of living. This contract, in effect,

provides the security for Woodside's lenders.

How much of a risk are the bankers taking? There has, after all, never been a project financing on anything like this scale. The sums raised by these small companies which scored a hit in the UK's North Sea were tiny by comparison and they—unlike Woodside—were generally obliged to cough up some form of royalty payment.

In this case, lenders could be exposed to political, economic and production hazards. The main political parties are committed to supporting the project, but there can obviously be no long-term assurance that existing contractual arrangements will not be tampered with. The price of energy is of crucial importance to the economics of the project. And there are hazards on the production front too. The platform from which gas for the contract will be produced has to be ready to be towed out from its Japanese yard in the interval between the typhoon and the cyclone season, and the field itself is in a cyclone area.

These risks have been appraised and, eventually, priced during a long series of negotiations with the group of eight international banks which has underwritten the credit facility. The precise terms of the credit have still not been disclosed, although Mr. Donaldson indicates that in broad terms the margin will start a little above 15 percentage points over London interbank rates and will later fall a bit below that level.

In other words, in return for taking what to some degree represents an equity-type risk the banks are getting roughly a percentage point more than they would for a conventional loan to a prime borrower.

Of course Woodside has had

to leave room for a pretty wide margin of error in making these arrangements. It has insured as far as it can against production breakdowns, stretching the capacity to handle single risks—on round numbers, about \$1bn. As for the actual cover of the loan itself, the present value of Woodside's total cash flow from the Western Australian gas contract is very roughly twice the maximum amount of loan that will be outstanding at any one time.

The credit last for 12 years, whereas the payback from the first phase on the project should come in well under five. To addition, \$300m of the \$1.3bn facility is intended as a standby, and BHP and Shell have agreed to underwrite a rights issue of up to another \$550m if costs get out of hand.

For comparison, the margin that Woodside is having to pay compares roughly with what the banks can get on a eurocredit for Poland. And it seems as though this is proving enough to pull them in with some enthusiasm.

That is just as well, since even at this late stage Woodside cannot afford any slips. Between around 1983 and 1986, it is going to need even larger sums of money to finance the second phase of the project, which is scheduled to lift production of gas to the level needed to sustain exports of liquefied natural gas to Japan. Once again, the only security that it will be able to offer will be related to the proceeds of its various sales contracts.

The banks have already been involved in preliminary discussions about financing this phase and in the next 12 months they are going to be asked to provide credit on a scale that will make even the current jumbo facility look rather modest.

## Weekend Brief

### Marque of costly nostalgia

The top of British youths' and also their fathers' list of "love objects" for more than 50 years has been the MG car, whose death warrant was signed earlier this year by BL. The last of the line—stretching back to the "old number one"—will be the MGB.

The 350 will fall in two weeks' time at the former World War I trench coat factory at Abingdon where most MGs were made.

But there has been an eleven-hour scramble by British buyers for the last of the cars.

The lure is the large sums for which some of the MGB's forebears have been changing hands. Roche Bentley, secretary of the MG Owners' Club, says the record to date is £11,000 for a 1950s-produced TF two-seater produced at last year's Leeds Classic Car Show.

That, however, was for what was described as a "perfect" car. Good, but not perfectly restored examples, can still make £6,000 or £7,000, while a sleeker but restorable model is still likely to cost £2,000.

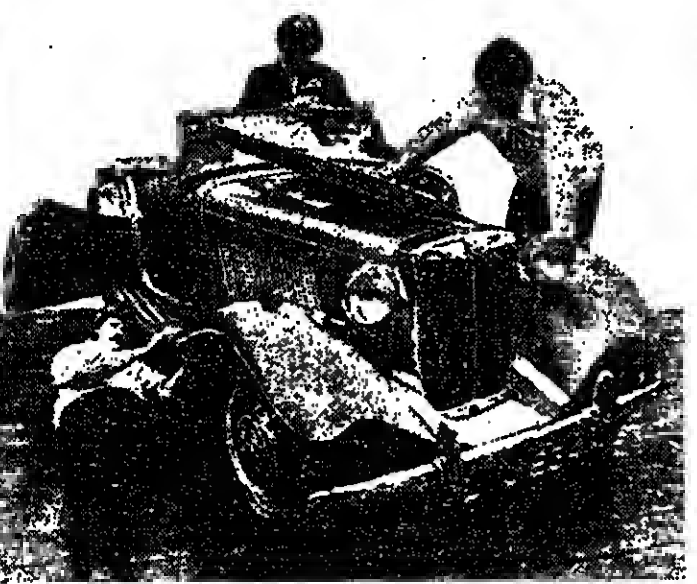
The earlier TD model has also reached auction prices as high as £8,000, says Mr. Bentley. But there is a quite sharp fall-off in prices for the "modern" monocoque bodied MGs, and for the "A" and the "B" which followed the classic T series.

The highest price paid so far for the A models made in the late 1960s is £5,000. But the B, made in even greater quantities to the point where 600 a week were being turned out last year, is unlikely ever to soar to comparable values with the earlier cars.

One of the reasons is the sheer numbers produced. But perhaps the principal one is that since 1974 the cars made have been an unhappy compromise between traditional British sports car and the dead hand of "emissions and safety legislation" in the U.S., where 80 per cent of MGs are sold.

Emissions-reducing equipment virtually killed the car's performance, and under "impact" requirements the car had to be raised in height and fitted with large black rubber over-riders which turned even the most ardent British MG enthusiast pale with grief.

The result, as Mr. Bentley concludes, is that what is now being mourned is not so much the death of the MG but the fading away of Abingdon and the MG tradition.



A 1953 MG TB: fetching up to £8,000

Barclays. But with funds only for the first 20 cars—eight have been ordered by customers—MGOC is looking for a partner to carry on the venture.

### Jazzing it up in Brazzaville

The Congolese enjoyed it, the French paid for much of it. The Chinese came in groups to watch it and the Americans were so enthusiastic about it they sent 37 people from the U.S. in a government aircraft. In fact everyone seemed to be having fun at the 10th anniversary of the founding of Brazzaville—the capital of the "Marxist-Leninist" central African republic of Congo—except the Russians.

Although the Congolese government installed street lighting and traffic lights for the celebrations, decorated the streets and painted the ministries, the Soviet Embassy stayed silent and withdrawn in its large cheerless compound.

Clearly, the bear was frowning. On the other hand, the French—the Congo's biggest trading partner and the former colonial master, contributed handsomely to the occasion.

The Congolese government brought a laser show from France which had recently accompanied the pop singer Johnny Halliday, musical found into the air to the strains of Strauss and fireworks which all but portrayed the Tricolor.

The laser show was the high point of the entertainment. The 12 tonnes of equipment were airlifted from Paris along with a team of 15 French technicians in ensure its smooth running. The laser beams played on a giant screen set up outside the Town Hall to the strains of Pink Floyd and other British rock groups thanks to a 12,000 kilowatt sound system which could apparently be heard in Kinshasa, across the river from Brazzaville.

The frosty attitude of the Russians towards the festivities is seen by Western diplomats in the city as part of a general cooling in relations between Congo's military Government and Moscow.

Col. Denis Sassou Nguesso, who has a reputation as a party militant, swears that the Congo will not deviate from the "scientific socialism" which it has followed with greater or lesser enthusiasm for the past 17 years.

If that's the case, it becomes all the harder to understand

why the regime should choose to celebrate the 10th anniversary of the city which, in effect, commemorates the arrival of the first colonialist in the area—a Portuguese working for the French, Savorgnan de Brazza.

And despite the fact that France was the colonising power, the most sought after guest at the centenary was the Right-wing Mayor of Paris and leader of the Gaullist RPR, M. Jacques Chirac, who was there as part of a large French delegation.

M. Chirac benefited from the Marxist-Leninist country's devotion to the late General Charles de Gaulle who lived in Brazzaville briefly during the last war. Even after the republic had adopted its socialist approach to development, visitors to the city were greeted on arrival by three large murals bearing the faces of Lenin, Mao and de Gaulle.

### High cost of surviving the holocaust

A company which is urging people to share the eventual nuclear war with their friends and neighbours in a cosy fallout shelter built for 50 might find itself attracting some unwelcome fall-out of a different kind from the Advertising Standards Authority.

Space is being offered in the shelter being built in a Chiswick basement at £1,800 a head and the developers, Allguard Shelters, say it will offer protection from the radiation effects of a one-megaton blast provided the shelter is not in the area of physical destruction. What they and others, who are meeting fears of nuclear war, cannot say, is how they can guarantee such protection.

The ASA has already upheld complaints about more generalised claims by other companies and has ruled that it is simply impossible to assure anyone's survival in the event of a direct or near-direct hit. A one megaton bomb—fairly large nuclear terms—is the equivalent to 1m tons of TNT or 50 times the power of the Hiroshima bomb.

Nuclear fall-out shelters are designed to give protection from radiation for two to three weeks after a bomb falls.

Other types of shelter, ranging from as little as £4,000 or £5,000 for concrete garden shelters to unlimited price tags for luxurious accommodation are being marketed in Britain.

Closer study shows the time which keeping everything in

order for the eventual unthinkable is going to take. The shelters have to be kept clean, supplies of household necessities, everyday medicines and long life foods (no cooking would be possible unless there is an emergency electrical power supply for an electrical air conditioning unit) will have to be checked and discarded from time to time as they deteriorate.

The water, ventilation and filtration systems all have to be checked and maintained. And if and when the owners go to their bunkers and sit it out, then what? Boredom. "Boredom will be your main enemy," say the makers of the Honeycomb Bombshell, for example.

It is "thoroughly recommended" that you take a radio (battery operated), plenty of games and books, plenty of writing materials (to write to other survivors in their cabins?) and a video-cassette machine with some of your favourite films.

A TV games set with space invaders would allow some anger to be vented against another enemy—"We might get bombed by terrestrial enemies but we're in training ready to zap the extra-terrestrial forces" etc.

What is certain is that buying the shelter and all the rest of it is going to cost you a bomb. Is it worth it?

### A \$43m a year jam sandwich

Eager followers of the esoteric art of British broadcasting in Russia may this evening tune to 96.35—and be rewarded with the noisy distortions of a jamming transmitter. Since the early days of the troubles in Afghanistan the Russians have been striving to ensure that the BBC, along with the Voice of America and Deutsche Welle, is not heard in the redoubt.

The Western view of what is happening in the world, and more particularly in Poland and Afghanistan, is not welcome. Oddly enough this continuing saga of rude noises on the ether ought to bring joy to those of us who are dedicated to a cost-effective economy. The unfortunate fact for the Russians is that it costs considerably more to jam a transmission than it does to make it in the first place. In fact the costs are so high that the Romanians and Hungarians gave up long ago as their street lights dimmed under the strain of diverting power to jamming transmitters.

The World Radio and Television Handbook, compiled before the latest outbreak of rowdiness on the airwaves, suggests that it takes \$43m worth of electricity alone to power the transmitters needed to jam the Voice of America for a year. To that must be added the cost of manpower and maintenance, never mind the \$250m which it is thought was the original cost of the jammers. Hagglings over the odd few hundred thousand pounds for the BBC's Russian service starts to look like petty nit-picking.

Given that the Russians may be under as much of an energy strain in the future as the West then a relaxation of the jamming already they have been using the cut-price "Mayak" system. This involves putting a local station signal out either beside the western frequency or even on top of it—and then claiming innocently that no one is being jammed.

### Sir Frank Tombs: victim of a buzzword

What does one make of a 56-year-old man who is prepared to throw up a \$48,000 job which, by its very nature, can hardly be over-taxing, without having another in sight? In the case of Sir Frank Tombs, one of the country's top electrical engineers, soon to be president of the Institution of Electrical Engineers, it is sincerely a matter of principle.

The Labour Government in 1977 invited Sir Frank to then plain Mr. Tombs to take the post of chairman of its Electricity Council. It promised him that under the re-organisation of the electricity supply industry it was planning for England and Wales, he would be overlord of all. Simultaneously they named his deputy-to-be, Mr. Glyn England, who in the interim was to become chairman of the Central Electricity Generating Board.

As it is, Sir Frank has many other decisions on energy, the Labour Government procrastinated, delayed its Bill until it depended upon the support of the Liberals. The Liberals saw electricity supply as unimportant, undeserving of Parliamentary time.

The present government said bluntly that there was to be no re-organisation. It would smelt too much of "centralisation" when the new buzzword of the administration was "privatisation" or less state ownership. Sir Frank well knew to be an affable fellow who tended to make his points without raising his voice, was asked to co-operate with the man who previously had expected to be his deputy in a policy of "sweetness and light".

It would not even be an equal footing, for the CEB—responsible for generation and transmission of electricity in England and Wales—controls about four-fifths of the industry's capital investment programme.

Sir Francis says he proposed several possible "interim solutions" to the Thatcher Government: all, however, assuming a "single effective management structure". The Government was not interested. He likens the situation he lives with until the end of the year to "an ICI or GEC Board with no authority over its subsidiaries." He readily admits that the industry has been asked to "co-ordinate" has a long tradition of ignoring the Electricity Council.

With his departure—presumably to the private sector, for it is understood that he turned down several Government offers of state-sector posts—the industry loses one of its few statesmanlike figures. Its public image generally is not one of diplomacy and tact.

It also loses one of its most persuasive advocates of nuclear energy.

Contributors:

John Griffiths

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Robin Pauley

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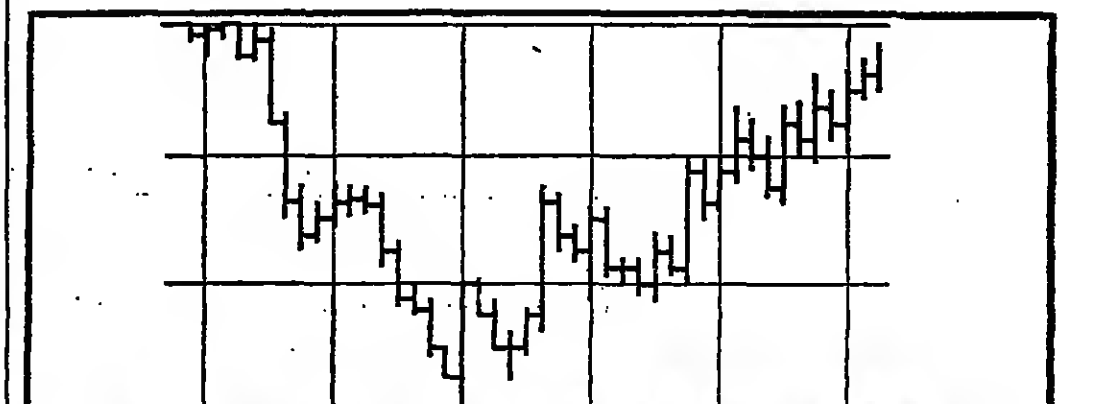
David Fishlock

## Economic Diary

**TODAY:** Mr. Denis Healey, Shadow Chancellor of the Exchequer, speaks at Gloucester County Labour Party conference. **TUESDAY:** Index of industrial production (August provisional). U.S. and Russian negotiators meet for talks on limiting European-based nuclear missiles. European Parliament in session. Strasbourg. Mr. Nicholas Ridley, Minister of State at the Foreign Office, leads delegation to talks with Guatemala in New York. **TUESDAY:** Major speech by President Carter on U.S. economy. Washington. Mrs. Margaret Thatcher meets leaders of Trades Union Congress, Downing Street. Statement by Department of Education on school examinations. **Boilermakers' Union Biennial Conference opens.** **Rothschilds' National Association of Theatre Nurses Conference opens.** Royal Hall, Harrogate. The Queen begins State visit to Italy. **WEDNESDAY:** Shadow Cabinet meeting at which Mr. James Callaghan is expected to announce decision on whether to stay as Labour Party leader. **TUESDAY:** Balance of payments current account and overseas trade figures (September). Basic rates of wages (September). Average earnings (August). Cyclical indicators for the UK (September). Index of industrial production for Wales (second quarter).

**THURSDAY:** Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Bankers' Dinner, Mansion House, City of London. Mrs. Margaret Thatcher at Society of Motor Manufacturers and Traders Motor Show dinner, Metropole Hotel, Birmingham. UK banks' assets and liabilities and the money stock (mid-September). London dollar and sterling certificates of deposit (mid-September).

**FRIDAY:** BL pay talks resume. Retail price index and tax and price index (September). Official Westward Television shareholders meeting. Holiday Inn, Plymouth.



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## Companies and Markets

# Lesney almost £6m in the red and no interim

THE WORLD economic problems and the UK recession have severely hit Lesney Products and Co. and for the 24 weeks to July 13, 1980 the toys and commercial diecastings group incurred a pre-tax loss of £5.96m, against profit of £0.43m for the same period of 1979. No interim dividend is being paid and the board is deferring the usual preference dividend due on December 31, 1980.

Last year's net ordinary dividend was 1.232p per share, but no final was recommended following a pre-tax loss of £4.1m in the second period of 1979-80. Mr. Gordon Hay, the chairman, says the problem of reducing excess stocks, referred to in the last annual report, has had a significantly worse impact on the half year results than originally foreseen.

The measures already taken and those being considered are severe, but the board believes that these will begin to take effect in the second half, when despite the increasingly adverse effect of the strong pound, the rate of loss should be diminished.

Turnover for the first 24 weeks dropped from £41.42m to £36.72m. Toy sales were 3 per cent below last year, which in volume terms meant a reduction of some 17 per cent. Sales from the group's industrial subsidiaries dropped over 16 per cent.

Bank interest charge for the period rose sharply from £1.62m to £3.57m. Tax took £52,000 (£244,000) and after extraordinary debits of £667,000 (£408,000), the deficit emerged at £6.67m, compared with £0.11m. Last year's interim cost £351,000.

Loss per 5p share was 18.09p, against earnings of 0.7p last time.

At July 13, 1980 shareholders' funds were £32.31m, compared with £39.3m at January 27. Bank loans and overdrafts had increased from £24.1m to £30.24m, but term loans were lower at £14.14m (£18.53m).

Mr. Hay says the board has succeeded in holding group borrowings within the budget which formed the basis for the renegotiation of facilities. The peak period for borrowings has now passed and the chairman believes they should begin to decline. However, much still needs to be done to get back to profitability and satisfactory gearing.

An exclusive action programme to that end includes: rationalization of low volume, unprofitable products; reduction of excess stocks; rationalization of manufacturing facilities to bring them more in line with demands; improvement of accounting, stock and management controls; and strengthening of management.

Lex, Back Page

## Derritron £0.25m midway loss

LARGELY because of a shortage of finance which impeded the production of the company's order books, Derritron, an electronics manufacturer, has slipped into loss for the first six months of 1980, with a deficit of £253,000 against a profit of £142,000.

Recent measures have alleviated this constraint, say the directors, and every effort is being made to achieve a satisfactory turnaround. But they view the outcome for the year with caution, as a number of uncertainties persist.

There was a pre-tax loss for the whole of 1979 of £117,000, including £46,000 losses from discontinued operations and £405,000 costs on an export contract affected by political instability.

The interim dividend, like last year's final, is omitted—an interim of 0.5746p net was paid last year.

After a nil tax charge this time (£74,000), the loss per share is shown as 2.1p compared with earnings of 0.51p. There was an associate profit of £7,000, leaving the net loss at £246,000 (£68,000 profit). Turnover rose from £2.7m to £3.1m.

● **comment**

In reporting Derritron's 1979 pre-tax loss in July, the chairman, Oliver Frenn, expressed the belief that the company could achieve a satisfactory turnaround by the end of the current year. The company's cash-statement, which made it difficult to execute order-books, was to be alleviated by a rights issue of about £250,000 and "improved relations" with bankers. There were suggestions that the turnaround would occur in the first half. Now, however, it is emphasised that the rights proceeds will not be received until August. Losses which were first incurred in the second half of 1979 continued at much the same level, although turnover was down 43 per cent. The company still believes that operating profits will return, but this remains to be tested by the second half performance. The shares fell 4 1/2p yesterday to 25 1/2p, giving a market capitalisation of £4.5m on the expanded capital.

The rights will be pitched at £2 per share against the effective prevailing price yesterday of £2.25. The Board, the commodity trading group E.D. and F. Man and certain other shareholders will take up their rights entitlement in respect of 76.12 per cent of the new ordinary shares and the brokers to the issue, Monagu Loeb Stanley will underwrite the remainder for a commission of 1.75 per cent.

Following the rights issue, the consolidated capital and reserves for the group as a whole will be around £5.4m compared with £2.1m on June 30.

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## UK COMPANY NEWS

### CAMBRIDGE PETROLEUM ROYALTIES

# Institutions move to block merger

BY ALAN FRIEDMAN

A GROUP of financial institutions is trying to block an attempt by a Texas-based company to take control of Cambridge Petroleum Royalties (CPR), a small UK company with a stake in the Brae Field complex in the North Sea.

Cambridge Petroleum Royalties (CPR), the Texas group which holds 12 1/2 per cent of the shares of its UK associate and an option to purchase 1m additional shares, has offered to exchange its own unlisted shares for all of the remaining shares of CPR it does not already own, worth around £9m. At yesterday's London price of 260p, the offer would value the UK company below its current market level.

Sir Richard Baker-Wilberham, a director of Schroder Wags, said yesterday that he could not recommend acceptance to his Board. "I am not at all keen on the offer and we do control

more than 10 per cent. Instead, Schroder Wags and other institutional shareholders have voted their support for a counter-offer by Premier Consolidated Oilfields, a separate UK company, to buy out the Texas group's 12 1/2 per cent holding in CPR.

Premier first made the offer to the U.S. company on September 25. Mr. Rupert Lascelles, finance director of Premier, said last night that the offer was made after an institutional shareholder approached the Board of Cambridge Petroleum Royalties.

"We were asked to get involved and we decided to do so. Our view is that the company is more valuable with its own British identity and quotation," he explained. Mr. Lascelles added that although Premier's

offer was rejected by CPR this week, he expected Cambridge shareholders at the extraordinary general meeting scheduled for October 24 to block the proposed merger.

"We have done some market research and the proposal is facing overwhelming opposition. I think it stands a good chance of being defeated," he said.

At Edinburgh Securities, which has a 6 1/2 per cent stake in CPR, Mr. Alf Bisset, the managing director, was highly critical of the proposal. "The terms of the deal are definitely wrong and I feel that the UK company's assets would be unnecessarily diluted by the merger," he said.

He added, "You can't blame them for trying, but I cannot accept their terms." Mr. Bisset confirmed yesterday that he had been in touch with other institutional shareholders in order to discuss the

chances of preventing the U.S. offer from going through. The proposal must receive a 75 per cent majority.

Mr. John Haslam, a director of Cambridge Petroleum, acknowledged that there was a great deal of sentiment against the deal. He blamed some of the opposition on "a certain amount of emotion which has come into the picture."

But Mr. Haslam agreed with opponents of the deal that those shareholders who agreed to the merger could take a short-term loss. "I agree that on the current price there is an immediate drop in value, but we believe that we can produce a bigger and better company."

This view was shared by Mr. Brian Lewis of Flemings, CPR's merchant bank, which itself holds 7 per cent of the UK company. Mr. Lewis said the proposed merger would be "an

opportunity for UK shareholders." But he admitted that "at the moment the weight of evidence" was that it would succeed.

Next week Flemings will post a second circular to shareholders spelling out the details of the proposal again. The posting will be timed to coincide with a visit in London by Mr. John Kilgore, the U.S.-based deputy chairman of the company. Mr. Kilgore is expected to meet the board of institutional shareholders in an effort to secure a majority vote.

Among other institutional shareholders the Prudential holds 6 1/2 per cent, Scottish American Investment Trust has 5 per cent, Standard Life has 5 1/2 per cent and Scottish Widows 2 1/2 per cent. Scottish American also stated its opposition to the deal yesterday, suggesting a confirmed total of just above 30 per cent against

the merger.

Mr. Murray Gordon, the chairman, said the results reflected the severity of the current UK recession, with menswear trade especially hard hit. But the importing and wholesaling companies achieved satisfactory results.

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## Combined English Stores sells curtain subsidiary to Home Charm

HOME CHARM is buying the loss-making Herald Curtains Shops from Combined English Stores, which yesterday announced pre-tax losses of £380,000 for the 28 weeks to August 9 against a £401,000 profit the previous time.

Mr. Charles D. Smith, chairman of the English Association of American Bond and Shareholders is changing its name, capital structure and borrowing powers and proposing to make a one-for-one rights issue to raise £3.2m.

The name, perhaps not before time, was shortened to the English Association Group, after the passing of a special resolution at the annual meeting yesterday. The merchant banking activities will be conducted through a subsidiary which is now called the English Association Trust.

The trust has at present an issued and fully-paid capital of £750,000 which will be increased to £8m following the rights issue, given shareholders' sanction of the increase in authorised share capital at an extraordinary meeting on November 30.

The group's borrowing powers have been raised from twice capital and reserves to a multiple of 25 times and the ordinary shares have been sub-divided from 1p par value to 25p each.

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## Cowie claim over Ewer's purchase

T. Cowie, the Sunderland based motor dealer, is instituting legal proceedings against three former directors of George Ewer, the Grey Green coach and motor group, which it acquired earlier this year after a long battle.

The claim—against Mr. Harry Ewer, Mr. David Ewer and Mr. Anthony Vincent—is over Ewer's purchase of Eastern Tractors just before the Cowie bid.

Cowie—advised by Samuel Montagu—is seeking substantial damages believed to be in excess of the £130,000 which is due to the directors from the sale of their shares but which is being held back pending the legal action.

Mr. Murray Gordon, the chairman, said the results reflected the severity of the current UK recession, with menswear trade especially hard hit. But the importing and wholesaling companies achieved satisfactory results.

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## Assoc. Book dives to £202,000

REFLECTING DIFFICULTIES both at home and overseas, pre-tax profits of Associated Book Publishers tumbled to £202,000 in the first half of 1980, compared with £1,02m.

But the directors' confidence in the group's earnings power and financial strength is undiminished. They say the low level of profits in the first half is exceptional and while full-year earnings are not expected to match those of 1979 they will, it is believed, justify payment of a dividend comparable to last year's 7.5p total.

The interim dividend is held at 3.5p net for the whole of 1979 were £2.95m, down from £3.7m.

After tax of £309,000 (£533,000) and minorities of £143,000 (£132,000) there is a loss at the attributable level of £250,000 compared with a profit of £358,000. The interim payment again amounts to £102.17p.

The loss per share is shown as 7.1p, against earnings of 9.6p. Comparisons have been restated to reflect a change in accounting for deferred tax.

Export difficulties and cuts in public spending, aggravated by unprecedented returns of stock by booksellers and the NGA industrial dispute, severely affected UK publishing profits, which fell to £45,000 (£161,000). The cost of a new publishing facility in the UK bookselling operation added to its expected first-half loss.

The overseas subsidiaries' economic environment did not improve, say the directors, and total pre-tax earnings were £78,000 lower than in 1979. The higher value of sterling contributed £18,000 to this decline.

Computer development problems affected profits in Australia and New Zealand, where combined earnings were £77,000 lower. The U.S. subsidiary, in a period of management transition, incurred a trading loss of £250,000 (£176,000) and related costs borne elsewhere in the group amounted to £144,000 (£20,000).

In Canada taxable profits were £79,000 added, despite continuing serious economic problems affecting some parts of the business.

The directors do not expect UK publishing profits to match those of 1979, but say the mid-year downturn in the book trade in UK bookselling should be arrested and earnings be similar to last year's. The trading losses and costs relating to the still-developing U.S. subsidiary are also expected to be similar.

The directors say borrowings have been kept within budget and should now begin to decrease. But to return to profitability and satisfactory gearing, the group intends to rationalise low volume, unprofitable products and reduce excess stocks, bring manufacturing facilities more into line with demand, improve accounting, stock and management controls and



## SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and deals

Blue Circle Industries renewed its bid for Armatage Shanks following approval from the Monopolies Commission. As before, Blue Circle is offering two of its own shares for six Armatage, but owing to the rise in Blue Circle's share price since the original bid lapsed, the offer now values Armatage at around £35m, compared with £25m when the first bid was announced in January.

Cambridge Royalty Company received an offer from Premier Consolidated Oilfields to acquire all 500,000 existing ordinary shares in Cambridge Petroleum Royalties owned by CRC, plus the 1m new ordinary shares in CPR which CRC would own following the exercise of its existing option at a price of 210p per share. The Board of CRC informed Premier that it must reject the proposal as it is pursuing an offer for all the existing ordinary shares in CPR at a price it deems in excess of that offered by Premier.

Discussions between Blade Investments and an unnamed party about the sale of a substantial part of the former's 49 per cent holding in Marlor Estates have been terminated. Talks, however, regarding other approaches to Marlor are continuing.

Argus Foods announced a £2.4m rights issue to partly finance the £1.5m acquisition of 86 Freezer Fats frozen food stores from J. H. Dewhurst, while Bejam is to purchase seven new supermarket properties from BAT Stores for £1.37m.

Provincial Cities Trust received an approach that may lead to an offer being made for the company.

Company bid for	Value of bid per share**	Market price**	Price bid	Value bid	Final Acc't'd date
Aberdeen Invs.	100*	100	86	2.00	Aitken (Eng.) —
Christy Bros.†	30*	31	33	0.60	Simon and Coates —
Coral Leisure	99	91	65½††	83.51	Grand Met 16/10
Eng. & O'Seas Inv.	160*	154	144½††	1.69	Pentos —
Gough Cooper	120*	141	102	6.65	Allied London Properties —

## J. E. England benefits from its rationalisation

RATIONALISATION carried out last year has resulted in J. E. England and Sons (Willington) swinging back into profits in the half-year to June 30, 1980. There was a pre-tax profit of £36,843 against a loss of £95,514 last time.

Turnover of this potato, grain and produce merchant and greengrocer plumped from £20.82m to £8.47m, and apart from the effects of rationalisation, the board says the reduction also reflects the low prices now being obtained for potatoes.

As the company is in a cyclical industry, the board says it is difficult to make forecasts. There has been a large potato crop this year and prices appear likely to remain depressed for the rest of the season. But the group stands ready to take advantage of any future upturn when a recovery in potato prices returns, says the board.

There was again no tax charge, but there was an extraordinary debit of £125,499 (£147,290).

Stated earnings per 5p share are 0.72p against a loss of 1.93p. An interim dividend of 0.4p is being suspended from the Stock Exchange for four years.

The company has decided to withdraw from its growing operations, and it is expected that these activities will have ceased entirely by December 31. The withdrawal resulted in the extraordinary debit, and there will be further extraordinary costs to be taken into account in the second half, although these are likely to be lower.

## RISDON ACQUIRES FRENCH AFFILIATE

Scera-Flax SA of France has become an affiliate of Risdon Corporation, a subsidiary of the UK-based Metal Box group. Scera-Flax makes collapsible plastic tubes, and until now, its management had reported directly to Metal Box.

Company bid for	Value of bid per share**	Market price**	Price bid	Value bid	Final Acc't'd date
Gough Cooper	145*	141	127½††	11.14	Starwest —
Kayser Bender	100*	46	36	0.67	Hurtzfeldt —
Kean and Scott	30*	100	31	0.38	Hughes Leisure —
Laurence Scott	64*	66	60	4.39	Mug. Supplies —
Le Bas (Edward)	85*	82	53½†	2.13	Burch Hldgs. —
Lidstone	280*	308	280	0.51	Security Exchange —
Maclean (Lond.)	30*	30	23	0.38	Comitaulds —
Marshall	31*	31	27	4.60	Times Publishg. —
Cavendish††	51*	44	44	7.26	Berford —
Reverett	115*	120	115	1.20	Pahang Cons. —
Tanjong (M.)	24*	24	24	4.22	NCC Energy —
Wardle (B.)	24*	24	24	4.22	NCC Energy —

\* All cash offer. † Cash alternative. †† Partial bid. \$ For capital not already held. \*\* Based on 10/10/80. †† At suspension.

†† Estimated. †† Shares and cash. †† Unconditional.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Amstar Con. El.	June	1,360	(908)	14.6 (9.7)
Anst. F. (Leyton)	June	664L	(490)	— 0.18 (0.78)
Bejam	June	8,270	(6,040)	10.5 (5.8)
BPM Holdings	June	750	(493)	1.4 (1.35)
Campani Int.	May	950	(1,500)	7.5 (16.1)
Cordery Printing	June	389	(288)	3.6 (2.2)
Footwear Ind.	May	321	(444)	4.1 (10.8)
Kent M. P.	June	3,050	(1,350)	14.0 (8.6)
Lawler	June	470	(42)	0.2 (0.2)
London & Strath.	June	585	(425)	0.7 (1.9)
Photo-me Int.	April	2,290	(2,340)	38.4 (43.8)
Pyke Hldgs.	June	189L	(52)	— (—)
Raine Eng.	June	182	(409)	0.8 (6.8)
Town Centre Sec.	June	1,140	(952)	1.0 (0.9)

## Ellerman reduces losses by £0.5m

A MARGINAL improvement in results for the half-year to June 30, 1980, is reported by Ellerman Lines, with the pre-tax losses have been reduced by £500,000 to £2.2m. Turnover of this shipping, brewing, travel and insurance group rose by £2m to £91m.

Mr. Dennis F. Martin-Jenkins, the chairman, says the first half results, traditionally weaker than the second, has produced figures which are disappointing, although better than last year's. He says the world's commercial outlook for the whole of 1980 remains poor, but the group's position within that should be relatively better than last year.

His liquidity is strong, even after reducing its 1979 year-end borrowings from £83m to £65m at June 30, 1980. Finance charges are thus being reduced, he adds.

The world and domestic

economic recession has held back sales of the group's diverse divisions, brewing and travel, but this has been mitigated by some improvement in shipping activities.

The half-year pre-tax loss includes investment income up from £1.9m to £2.2m, a trading loss of £600,000 (£700,000), a loss on the sale of ships amounting to £300,000 (profit £500,000) and associated companies' profits of £700,000 (£200,000), but after finance charges amounting to £3.6m against £4.6m. Tax was unchanged at £400,000.

There was an extraordinary credit of £7.9m, and of this £7.1m was the surplus on the sale of the group's head office building. The favourable extraordinary items result in a transfer to reserves of £5.2m (transfer from reserves £3.8m). The interim dividend on the privately-held capital is un-

changed at 2.25p. Brewing subsidiary Tolleremache and Cobbold Breweries had a pre-tax loss of £110,000 (profit £75,000), but J. W. Cameron and Company increased its profits from £1.15m to £1.48m.

The directors of Tolleremache and Cobbold explain that sales of the company's own products rose, but those of factored beers, spirits and fortified wines showed a marked decline and there was an increase in costs.

The pre-tax figure was struck after finance charges down from £173,000 to £146,000. There was again no tax charge, but there was an extraordinary credit of £300,000 (nil) comprising the surplus on the sale of the Norfolk depot, less further warehouse development costs incurred.

There were reduced profits from managed houses, a smaller surplus—£13,000 (£64,000)—from property sales, and an industrial dispute in Juco which severely restricted deliveries for several weeks.

Since the end of the first half, trading has been affected by the poor summer and with the continuing high costs, the company does not expect profit for the year to vary significantly.

J. W. Cameron, which is based in Hartlepool, saw its turnover rise from £19.5m to £30.75m. After tax down from £876,000 to £679,000, stated earnings per 25p share are 3.27p (2.59p).

The company's pre-tax figure includes profits of £268,000 (£210,000) from sales of properties. The interim dividend is raised from 0.2125p to 0.3564p.

## Same interim from Helene of London

Turnover of Helene of London, fashion and leisure wear group, has been maintained at £8.84m (£8.78m) for the first half of 1980 but pre-tax profits are down from £779,590 to £617,362.

Trading conditions are difficult but the group's financial position is strong and must benefit from any upturn in the economy, the directors say.

Stated earnings per share have fallen from 2.6p to 1.6p. However, the interim dividend is maintained at 0.37p—last year's total was 1.48p from pre-tax profits of £1.71m.

## J. E. Crowther downturn

Profits of John Edward Crowther (Holdings), Huddersfield-based woollen manufacturer and spinner, fell from £644,138 to £264,436 in the year ended March 31, 1980, before tax of £140,358, against £232,252. The dividend on the ordinary shares, again, absorbs £30,000. The ultimate holding company is L. A. D. Investment Co.

## AMAL. ESTATES

Subject to the approval of the shareholders of Amalgamated Estates, Sir Gerald Glover will subscribe for 500,000 ordinary shares in the group, being 2.79 per cent of the issue, share capital, at 17.5p per share. If the proposal is agreed, Sir Gerald will be appointed to the board.

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Pickles (William)	June	492L	(238)
Richards (Lele.)	June	165	(68)
Rockware	June	3,320	(1,320)
Rubertoid	June	805	(359)
Sears Hldgs.	July	34,840	(37,590)
Silkenight Hldg.	Aug.	711	(1,860)
Silkenite Lth.	June	647	(407)
Tate of Leeds	June	311	(327)
United Carriers	July	2,500	(3,020)
Vesper	Apr.	375	(986)

(Figures in parentheses are for corresponding period.)

\* Dividends shown net except where otherwise stated, L. Loss.

† In 1st. † On old capital.

## Rights Issues

Credit Data—Rights issue on the basis of 3 new shares at 21p for every one held. Also, a placing of 3.5m new shares at 21p. The two operations to raise £1.56m. Shares have been suspended from the Stock Exchange for four years.

Huntley—Rights issue on the basis of one new ordinary share at 80p for every five shares held on October 6, to raise £1.6m. Town Centre Securities—Rights issue on the basis of £1 nominal of 9 per cent convertible unsecured loan stock 1986/2000 at £100 per cent for every 10 ordinary shares held, to raise £5m. Also, one for five scrip issue.

## Offers for sale, placings and introductions

Lee Valley Water Company—Offer for sale by tender of £4m of 95 per cent redeemable preferred stock at a minimum £101, redeemable on October 31, 1987.

Toshiba—London Stock Exchange listing for the 2.17m ordinary shares of the large Japanese electrical and electronic products company.

Natamas—London Stock Exchange listing for the 54.9m shares of the U.S. natural resources and transportation group.

## BASE LENDING RATES

A.B.N. Bank	16%	Hambros Bank	16%
Allied Irish Bank	16%	Hill Samuel	16%
American Express Bk.	16%	C. Hoare & Co.	16%
Amro Bank	16%	Hongkong & Shanghai	16%
Bank of America	16%	Industrial Bk. of Scot.	16%
Bank of Australia	16%	Keyser Ullmann	16%
Bank of Canada	16%	Knowles & Co. Ltd.	16%
Bank of China	16%	Langris Trust Ltd.	16%
Bank of Ceylon	16%	Lloyds Bank	16%
Bank of Cyprus	16%	Edward Manson & Co.	16%
Bank of India	16%	Midland Bank	16%
Bank of Japan	16%	Samuel Montagu	16%
Bank of Korea	16%	Morgan Grenfell	16%
Bank of London	16%	National Westminster	16%
Bank of Mauritius	16%	Norwich General Trust	16%
Bank of New Zealand	16%	P. S. Refson & Co.	16%
Bank of Oman	16%	Rossmore	16%
Bank of Persia	16%	Ryl. Bk. Canada (Ldn.)	16%
Bank of Portugal	16%	Schlesinger Limited	16%
Bank of Russia	16%	Standard Chartered	16%
Bank of Siam	16%	Trade Dev. Bank	16%
Bank of Spain	16%	Trustee Savings Bank	16%
Bank of Sweden	16%	Twentieth Century Bk.	16%
Bank of Switzerland	16%	United Bank of Kuwait	16%
Bank of Taiwan	16%	Whiteaway Laidlaw	16%
Bank of Thailand	16%	Williams & Glyn's	16%
Bank of Tonga	16%	Wintrust Secs. Ltd.	16%
Bank of Trinidad	16%	Yorkshire Bank	16%
Bank of Union	16%		
Bank of Vietnam	16%	Members of the Accepting Houses Committee.	
Bank of Yugoslavia	16%	7-day deposits 14%, 1-month deposits 14%.	
Bank of Zanzibar	16%	7-day deposits on sums of £10,000 and under 14%, up to £50,000 14%, over £50,000 14%.	
Bank of Zimbabwe	16%	Call deposits over £1,000 14%.	
Bank of Zypern	16%	Demand deposits 14%.	

## M. J. H. Nightingale &amp; Co. Limited

27/28 Lovat Lane London EC3R 8EE Telephone 01-421 1212

1979-80	High Low	Company	Price Change	Gross Yield	P/E
89	48	Aramco	22	14.8	2.7
90	21	Armatage	22	1.4	6.4
173	82	Bardon Hill	171	9.7	5.7
100	74	Conity Cars 10.75 Pl.	74	20.7	—
101	63	Deborahs Ord	355d + 1	5.5	5.9
126	86	Frank Marshall	120	7.0	8.8
129	66	Frederick Parker	66	11.0	16.7
156	81	Gordon Blair	81	3.1	3.8
84	45	Jackman Group	81	8.0	7.4
153	103	James Burroughs	122	3.9	6.5
210	262	Robert Jenkins	310	31.3	10.1
232	175	Tanjong (M.)	220	15.1	6.8
34	10	Twinkl Ord	11	—	—
80	70	Twinkl 15% ULS	80	16.0	16.7
50	23	Unilever Holdings	44	4.8	6.8
101	42	Walter Alexander	100	5.7	5.7
245	136	W. S. Yates	240	12.1	5.0

† Accounts not prepared under provisions of SSAP 15.

## Lesney Products &amp; Co Limited

INTERIM REPORT

Unaudited results for the 24 weeks ended 13th July 1980

	24 WEEKS ended 13th July 1980	24 WEEKS ended 13th July 1979	YEARS ended 27 January 1980
Turnover	38,724	41,420	106,733
Operating (Loss) Profit	(2,388)	2,116	1,981
Bank Interest	(3,565)	(1,623)	(5,590)
(Loss) Profit Before Tax	(5,953)	493	(3,609)
Taxation (Charge)/Credit	—	—	860
Overseas	(52)	(344)	186
(Loss) Profit After Taxation	(6,005)	249	(2,563)
Extraordinary Items	(667)	(408)	(2,113)
Loss After Extraordinary Items	(6,672)	(159)	(4,676)
Dividends	—	(351)	(370)
	(6,672)	(510)	(5,046)
Per Share:			
Net Assets	95.30	128.20	116.30
Earnings	(18.09)	0.70	(7.84)
Dividends:			
Ordinary	—	1.232	1.232
Preference	—	2.625	5.250

## Extracts from the Chairman's Statement circulated to shareholders

Results

- Toy sales down 17% in volume on last year
- Industrial sales down 16% on last year
- Cost of reducing excess stocks higher than foreseen
- Group borrowings presently within the budget

Action being taken

- Rationalisation of products and manufacturing facilities
- Improvement in accounting and stock controls
- Strengthening of Management

Outlook

- Orders for the second half are more encouraging
- Basis for recovery towards breakeven position next year

GORDON D.J. HAY 10th October, 1980

## In Brief

FERRY PICKERING GROUP (printing, publishing and publishing) results for year to June 30, 1980, reported September 25. Shareholders' funds, £4.82m (£4.21m). Bank in profits and limited goods (£0.7m) (£0.5m). Bank overdraft nil (£0.23m). Meeting, Lancaster, November 3, at noon.

BRITISH EMPIRE SECURITIES AND GENERAL TRUST (investment trust)—Results for year to September 30, 1980: Second interim dividend, in the form of final 0.65p (0.65p) for a total of 0.85p (0.78p). Pre-tax revenue £302,622 (£271,544); tax £91,577 (£81,332).

FIRST MARLBOROUGH HOLDINGS (giftware importer and manufacturer of domestic furnishings, lighting)—Results for year to April 30, 1980: Dividend 15p (14p) for year to July 31, 1980. Turnover £1,591,202 (£1,248,172). Profit after charges including tax, £4,826 (£4,626). Tax charges £48,274 (£38,480). Earnings per share 32.4p (24.6p).

FURIN AND SON (manufacturer of badges, buttons, military ornaments, etc.)—Turnover for half year to June 30, 1980, £195,000 (£192,000). Pre-tax profit £772,000 (£180,000) including investment income of £30,000 (£28,000). Tax £23,000 (£20,000). Earnings per share 8.85p (4.01p). Interim dividend 1p (eame).

BESTWOOD (investment holding company)—Turnover for half year to June 30, 1980, £410,749 (£400,584). Pre-tax profit £28,927 (£40,193). Tax £22,988 (£21,257). Profit £6,939 (£18,936) including investment income £11,798 (£5,587). Pre-tax profit includes surplus on sale of plant £5,300 (£1,288). Lower pre-tax profit of John Brown (Printers) reflects general downturn in demand. There are no signs as yet of any improvement and the board considers it unlikely that last year's results will be maintained. Management accounts of Forsyth (of which Bestwood holds 24.9 per cent) indicate that profit for year to June 30, 1980 will exceed last year's £1.17m, by about 30 per cent.

ARMSTRONG EQUIPMENT (auto-motive components, industrial fastenings and light engineering group)—Results for year to June 23, 1980, already known. Shareholders' funds £55.21m (£48.48m). Bank overdrafts and short-term loans £14.21m (£14.17m). Commitments for capital expenditure for which shares have been issued in the accounts total £2.88m (£4.65m). Chairman says general drop in demand is continuing into the current year. Meeting, Wigton Hotel, Aldwyck, W.C. November 4, at noon.

Spain	Price	± or -
October 10	—	—
Banco Bilbao	250	—
Banco Central	280	—
Banco Exterior	217	—
Banco Hispano	217	—
Banco Ind. Cas.	124	—
Banco Madrid	141	—
Banco Santander	281	—
Banco Urquijo	281	—
Banco Vizcaya	258	—
Banco Zorrilla	248	—
Dragados	118	—
Gasolena Zine	71.5	—
Fecsa	64.7	-0.2
Gal. Pinederos	32.5	-1.3
Industria	102	-0.3
Indurro	65.5	-0.2
Petroleros	112	-2
Petrolium	88.5	—
Sagunto	102	—
Telefonos	63	-0.3
Union Elect.	70	-0.5







## Companies and Markets

## INTERNATIONAL COMPANIES and FINANCE

## Marginal fall in earnings at Perstorp

By Westerley Christner in Stockholm

PERSTORP, the Swedish chemicals and plastics group, reported a 3 per cent fall in profits for the fiscal year ended August 31 to SKr 107m (\$25.7m) from SKr 111m a year earlier. However, the fiscal 1980 profit met this spring's forecast given by Mr. Karl Erik Sahlgren, managing director.

Group sales also matched the spring forecast of a 19 per cent increase rising to SKr 1.6bn from SKr 1.35bn. Earlier, Mr. Sahlgren had stated that Perstorp, known for its decorative laminates, reached a peak during fiscal 1979 and that growth would level off.

The earnings are equivalent to SKr 31 per share against SKr 28, a dividend of SKr 5 per share, up from fiscal 1979's SKr 4.50, is recommended.

A one-for-five scrip issue will be proposed by the board at the December annual shareholders' meeting through transfer of SKr 19m from reserves to increase share capital to SKr 114m.

## Danish banks plan merger

By Hilary Barnes in Copenhagen

JYSKE BANK, a Jutland provincial bank, is to acquire Finansbanken in a deal worth around Dkr 147m (\$26.4m).

The merger will make Jyske Bank the sixth largest bank in Denmark with assets of about Dkr 5bn.

Finansbanken's assets are worth about Dkr 3.5bn, including capital of Dkr 100m and private mortgage notes worth about Dkr 2bn.

## The First Viking Commodity Trusts

Commodity OFFER 36.5  
Trust BID 34.6

Commodity & General Management Co Ltd  
10-12 St James's Street  
Douglas Isle of Man  
Tel: 0624 25015

## World International bids for rest of East Asia

BY PHILIP BOWRING IN HONG KONG

WORLD International (Holdings), the flagship of the shipping magnate, Sir Yue-Kong Pao, plans two highly priced bids to consolidate a large part of Sir Yue-Kong's shipping and property interests into World International, as the single quoted company of the Pao empire.

One step is that World International has offered to buy the rest of the capital of Eastern Asia Navigation. At present, World International has 56.58m or 45 per cent of EAN's 122.4m ordinary shares. The offer is seven World International shares for every five EAN shares, or a cash alternative of HK\$37.5. At the pre-announcement, the offer was at HK\$38.10 for World and HK\$40 for EAN, the share offer has a theoretical value of HK\$38.54 per share against the going EAN share price of HK\$40.40 and values EAN at HK\$1.64m (\$322m).

The cash offer is HK\$37.50 per share. The offer will extend to

any shares issued before the closing date in respect of conversion of EAN's HK\$50m in convertible bonds.

Sir Yue-Kong and the Hongkong and Shanghai Banking Corporation intend to accept the offer in respect of their 28 per cent combined holdings in EAN. Whether other holders will do so remains to be seen. The cash offer represents an exit price-earnings ratio of only 7, based on earnings to end-March. Those accepting the World International shares will be accepting shares in a company that has grown so quickly in the past year, as a result of acquisitions and exchanges, that estimating its worth is difficult.

At the beginning of this year it had 91m shares on issue and was the junior of Pao's two quoted shipping companies. Now it has 522m shares in issue, even before yesterday's two proposed deals. Its acquisitions include 45 per cent of EAN from Pao's family companies in July for cash at HK\$8.30 a share, 25 per cent of the Hongkong and Kowloon Wharf and Godown Company from the Pao family for HK\$55 a share, for a total consideration of HK\$1.56bn. In addition it has acquired some ships from Pao family companies.

In the second announcement, World International has said that it will buy 17.5m shares in Hongkong and Kowloon Wharf through a share exchange of 86 World for every five Wharf shares, giving Wharf a value of HK\$104. These shares would bring its Wharf holding to 45 per cent. In June this year, Sir Yue-Kong won a share battle for control of Wharf by paying HK\$105 each for 20m Wharf shares, representing 19 per cent of the company. The offer to buy 17.5m shares to Pao for the 15 per cent it is now acquiring.

## Record financing for Bos Kalis

AN INTERNATIONAL banking consortium headed by Lloyds Bank and Amsterdam-Rotterdam Bank will provide \$975m roll-over credit to the dredging and construction group, Bos Kalis Westminister in the largest financing operation of its kind for a Dutch company.

Bos Kalis will use the project-linked credit to finance its 70 per cent share in a F1 3m (\$1.53bn) contract to build 2,000 kilometres of gas pipeline in Argentina and to manage the distribution of the gas for 15 years.

The agreement on the credit

has been reached in principle although final details and the membership of the consortium are still being settled prior to the signing of the deal.

The Argentine state company, Gas del Estado, will pay for the work by supplying Bos Kalis with a percentage of the gas carried by the pipeline. Bos Kalis will then sell the gas. This arrangement has determined the form of financing which will be provided in tranches as the work progresses.

The privately-owned Dutch Credit Insurance Company (NCM) has agreed to provide

export credits to Cogasco, an Argentine company which has been set up to carry out the project. Bos Kalis has a 70 per cent stake in Cogasco through its Nacop International subsidiary. The remainder of Cogasco's equity is held by two Argentine contractors, Tesca and Pamar.

The project involves the delivery and installation of 2,000 kilometres of pipeline with compressor, booster and control stations linking the gas field at Nequen with the towns of Beazley, San Jeronimo, Mendoza and San Juan.

The headquarter offices have been built at Battery Park City with state help.

Mr. Carey and Mr. Levitt said commercial development of Battery Park City would continue. The Amex threatened to move to New Jersey in 1978 because its negotiations with New York State had stalled.

The exchange needed more space but had not yet decided whether to expand its present headquarters or obtain additional space elsewhere.

## French owners to wind up Korvettes

By Our New York Staff

AGACHE-WILLOT, the French owners of Korvettes, have decided completely to wind-up the ailing U.S. retail company, ending an 18 month saga of woe.

The French company said in New York yesterday that 14 stores will be closed down shortly, and the remaining 15 will shut after the Christmas season. Originally, Korvettes had said it would only close down the 14 stores, and decide the future of the rest later.

The stores are currently being operated by Value City, a company which specialises in clearance sales.

Agache-Wililot bought Korvettes, once New York's second largest retail chain with 50 stores, in April 1979 for about \$42m. But the French company was unable to make a success of the venture and, facing mounting debts, had been applying drastic surgery to make it viable. But the final effort to keep it alive now appears to have failed.

Mr. HUGH CAREY, Governor of New York, and Mr. Arthur Levitt, chairman of the American Stock Exchange board of governors, jointly announced yesterday the termination of plans to build a headquarters for the AMEX on landfill along the southern tip of Manhattan.

Mr. Levitt said "the continuing escalation of the project costs that would make completion of this project at anywhere near current estimates almost impossible" killed the project.

The headquarters would have been built at Battery Park City with state help.

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M. & G. Mutual Fund Income  
Unit 1.00 (10/10)  
M. & G. Mutual Fund Income  
Unit 1.00 (10/10)  
M. & G. Mutual Fund Income  
Unit 1.00 (10/10)

MINES

Australian (\$)

North Queensland (10/10)  
Western Mining (10/10)  
Zinc Corp (10/10)

Miscellaneous (125)

AMAX Inc. (10/10)  
Barrick Gold (10/10)  
Climax Molybdenum (10/10)

Rhodesian (\$)

Outokumpu (10/10)  
M. & G. Mutual Fund Income  
Unit 1.00 (10/10)

South African (94)

Anglo-American (10/10)  
De Beers (10/10)  
Gold Fields (10/10)

UK RAILWAYS (2)

British Rail (10/10)  
London Underground (10/10)

FOREIGN RAILWAYS

Amtrak (10/10)  
Canadian National (10/10)

SHIPPING (18)

British Overseas Airways (10/10)  
Cunard Line (10/10)

TEA & COFFEE

Lawrie Plantations (10/10)  
Warren Plantations (10/10)

TRAMWAYS & OMNIBUS

Anglo-Argentine (10/10)  
Anglo-Argentine (10/10)

CANALS (3)

Wellington Ship Canal (10/10)  
Wellington Ship Canal (10/10)

WATERWORKS (37)

British Waterworks (10/10)  
British Waterworks (10/10)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)  
Annual Interest  
Interest rate  
Minimum sum  
Bond

Knowles 051 548 6555

BUILDING SOCIETY RATES

Deposit Share Subp  
rate accounts shares  
% % %

Abbey National 10.25 10.50 11.75

Ald to Thrift 10.50 11.75

Alliance 10.25 10.50 11.75

Anglia 10.25 10.50 11.75

Bradford & Bingley 10.25 10.50 11.75

Bridgewater 10.25 10.50 11.75

Bristol and West 10.25 10.50 11.75

Bristol Economic 10.25 10.50 11.75

Britannic 10.25 10.50 11.75

Burnley 10.25 10.50 11.75

Cardiff 10.25 10.50 11.75

Catholic 10.25 10.50 11.75

Cheltenham and Gloucester 10.25 10.50 11.75

Cheltenham and Gloucester 10.25 10.50 11.75

Citizens Regency 10.25 10.50 11.75

City of London (The) 10.25 10.50 11.75

Coventry Economic 10.25 10.50 11.75

Coventry Provident 10.25 10.50 11.75

Derbyshire 10.25 10.50 11.75

Ealing and Acton 10.25 10.50 11.75

Gateway 10.25 10.50 11.75

Greenwich 10.25 10.50 11.75

Guardian 10.25 10.50 11.75

Halifax 10.25 10.50 11.75

Heart of England 10.25 10.50 11.75

Hearts of Oak and Enfield 10.25 10.50 11.75

Headon 10.25 10.50 11.75

Huddersfield and Bradford 10.25 10.50 11.75

Lambeth 10.25 10.50 11.75

Leamington Spa 10.25 10.50 11.75

Leeds Permanent 10.25 10.50 11.75

Liverpool 10.25 10.50 11.75

Melton Mowbray 10.25 10.50 11.75

Mornington 10.25 10.50 11.75

National Counties 10.25 10.50 11.75

Nationwide 10.25 10.50 11.75

New Cross 10.25 10.50 11.75

Northern Rock 10.25 10.50 11.75

Norwich 10.25 10.50 11.75

Peddington 10.25 10.50 11.75

Pockham Mutual 10.25 10.50 11.75

Portman 10.25 10.50 11.75

Property Owners 10.25 10.50 11.75

Provincial 10.25 10.50 11.75

Skipston 10.25 10.50 11.75

Sussex County 10.25 10.50 11.75

Sussex Mutual 10.25 10.50 11.75

Town and Country 10.25 10.50 11.75

Walthamstow 10.25 10.50 11.75

Wessex 10.25 10.50 11.75

Woolwich 10.25 10.50 11.75

Notes normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

PROPERTY (96)

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RULE 163 (1) (c)

Bargains marked in securities  
which are quoted or listed on an  
Overseas Stock Exchange

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## ET UNIT TRUST INFORMATION SERVICE

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1973	0.247 6533		
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## OFFSHORE & OVERSEAS FUNDS

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**FINANCE, LAND—Continued**

	High	Low	Stock	Price	±	Stk.	High	Low	Stock	Price	±	Stk.
525	25	25	Parque Place Inc.	25	0	10	525	25	25	25	0	10
526	25	25	Parkland & Son	25	0	10	526	25	25	25	0	10
527	25	25	Parsons Corp.	25	0	10	527	25	25	25	0	10
528	25	25	Parsons Corp.	25	0	10	528	25	25	25	0	10
529	25	25	Parsons Corp.	25	0	10	529	25	25	25	0	10
530	25	25	Parsons Corp.	25	0	10	530	25	25	25	0	10
531	25	25	Parsons Corp.	25	0	10	531	25	25	25	0	10
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A selection of Options traded is given on the London Stock Exchange Report page

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**"Recent Issues" and "Rights" Page 24**

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This service is available to every Company listed on the Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security



## MAN OF THE WEEK

### Driver of the Metro

BY ARTHUR SMITH

FOR ONE man the successful launch of the mini Metro—the make or break venture for BL's volume car division—is something of an anti-climax. The pressure has suddenly eased for Mr. Jim Donaghy, the 44-year-old Metro project manager charged four years ago with the task of implementing Britain's biggest investment in a new car plant.

Heading a small management team of never more than 12 he has lived and breathed the pro-



Jim Donaghy, head of the Metro project  
The ability to develop a team spirit

ject, often working a 12-hour day six days a week. In the face of the financial traumas and management upheavals that have beset the State-owned concern the Metro scheme has pressed ahead.

Mr. Donaghy can now point to a £235m investment at Longbridge, Birmingham, bousing the robots and computers that represent the latest in car assembly technology. More than that, he claims "a breakthrough in industrial relations and productivity levels to match the best in Europe."

Support has been gained from the trade unions for dramatic changes in working practices without any "buy-out" payments. In just one week this month 400 men were transferred from the old assembly areas of the Mini and Allegro to work alongside the robots in the Metro body area. The tracks run twice as fast—25 cars an hour as against 12. There is greater mobility between skills. Workers have to carry out a wider range of operations.

Mr. Donaghy, typically shirt-sleeved but well groomed, explains: "It's one thing to sit in the office and say that because of the machinery the worker's effort is no greater. He is just working more efficiently and consistently. It's another to get that message across on the shop floor and get co-operation and support."

He certainly commands respect among the senior shop stewards who praise his "blunt and honest" approach. His Birmingham accent, though now only slight, and his knowledge of the people to the city where he grew up must help. Mr. Donaghy started as an engineering apprentice with Fisher and Ludlow in Birmingham in 1932, rising through the management ranks once it became part of the British Leyland Empire. He left in 1966 to join Ford, where he worked in the team that planned the heavy investment in new facilities for the Fiesta model. In 1974 he was tempted back to Leyland as production engineering manager for body and assembly activities within the cars division.

To head the Metro project required a grasp of all the management skills—finance, planning, administration and personnel. But Mr. Donaghy's real strength has been the ability to motivate people and develop a spirit of team work. One day last week he toured the plant starting at 8 o'clock in the morning and working through till midnight speaking to every shop steward, foreman, superintendent and manager. "I wanted them to know what I wanted and to hear their views—get everything out into the open and tackle any problems before they build up."

Output of the Metro, now running at 2,000 a week, is scheduled to rise steeply to 3,000 by the end of the year—without any extra labour. Not only is Mr. Donaghy confident that the target will be achieved, he also gives a clear hint that he may now be looking for a new challenge within the company: "After the pressure of the past four years things have certainly eased a little—but I am the kind of man who is only happy under severe pressure."

## Gaddafi support for Tehran

BY IHSAN HAJAZI IN BEIRUT

COLONEL Moammar Gaddafi, the Libyan leader, is the first Arab head of state to come out in open support of Iran in its war with Baghdad. He coupled this by outright condemnation of Saudi Arabia's collaboration with the U.S.

Colonel Gaddafi made his stand clear in a cable yesterday to King Khaled in which he urged concerted Islamic backing to the regime in Tehran of Ayatollah Khomeini.

At the same time he called for the removal of U.S. AWAC radar aircraft from Saudi Arabia, declaring that instead Arabs should fight the U.S. which he described as the leader of a new "crusade against the Moslems."

The Libyan stand did not come as a surprise. Tripoli had

already spoken disapprovingly of Iraq's invasion of Iranian territory. Libya was one of the few Arab states which had established a strong relationship with the Iranian revolution.

Furthermore, Colonel Gaddafi has been calling lately for an Arab war against U.S. military bases in the Arab world. He began the campaign after the Americans succeeded in obtaining military facilities in Oman and Somalia, both members of the Arab League.

His open criticism of Saudi collaboration with the Gulf states is bound to strain Saudi-Libyan relations which had shown improvement during the past 18 months as a result of the Saudi break with President Anwar Sadat of Egypt over his peace treaty with Israel.

Meanwhile, Libya has not reacted in any way to the conclusion of the Syrian-Soviet treaty. This is being taken as a sign of disapproval. Libya and Syria have plans to merge into a single state.

Reports in the Beirut Press yesterday expected the Libyan leader to visit Damascus soon for talks with President Hafez al-Assad, who has returned home from Moscow.

Our Foreign Staff adds: The Soviet Union has described as "provocative" reports that it is assisting Syria and Libya in sending military equipment to Iran. China and Pakistan have allowed North Korean planes carrying military equipment for Iraq to fly over their territory. Officials in Washington said yesterday.

The Libyan backing for Iran underlines the failure of Iraq to rally other Arab countries, with the exception of Jordan, firmly behind its war effort. The signing of the Syrian-Soviet Treaty of Friendship can only make Moscow's attitude to Baghdad cooler and jeopardise Iraq's weapon supplies.

On the battlefield, Iran continued to repel Iraqi efforts to take the whole of the port city of Khuzestan. An Iraqi commander said the Iraqis continued to hold a key bridge in the city with five or six tanks.

In Ahwaz, the capital of the Khuzestan oil province, Iraqi aircraft blew up an ammunition dump. Local people were urged by President Bani-Sadr of Iran not to be alarmed.

## Germany accepts steel ban

BY ROGER BOYES IN BONN AND JOHN WYLES IN BRUSSELS

THE West German steel industry has unexpectedly accepted voluntary restraints on production to try to defuse a major crisis within the European Community. The decision, announced yesterday, was designed to prevent the Community from taking special "crisis" powers over the industry.

The German Iron and Steel Federation said it would continue to be bound by the voluntary crisis cartel, known as Eurapipe One, until June 30, next year by when it is expected new production levels will have been agreed.

Member Governments and officials at the Commission were sceptical, however, about the West German decision to accept restraints. The crisis measures are intended to end the price-cutting and over-production which has brought chaos to the Community's steel market in the past few months.

The Commission made it clear that the German companies' recent refusal to agree to voluntary disciplines was not the only reason for its decision

to seek to force cuts. The problem was much deeper: emergency powers would be used to recreate longer term conditions in which voluntary price and production disciplines could work, the Commission said yesterday.

German opposition to the Community resorting to article 235 of the coal and steel treaty eventually persuaded the other eight member States to delay formal adoption of the emergency powers until October 22.

But repeated attempts by the Industry Commissioner Viscount Etienne Davignon to win a commitment from EEC steel producers to a 13 per cent cut in crude steel production in this final quarter foundered on mutual distrust among the companies.

The West German federation's decision also applies to the German company, Klockner-Werke, which originally protested that it was being discriminated against by the "artificially low" production levels allocated to it within Eurapipe.

The agreement was wel-

comed yesterday by Count Otto Lambsdorff, the West German Economic Minister. German industrialists have maintained that the Brussels scheme is a threat to the principles of the market economy and that compulsory cuts effectively penalise German steel companies for being efficient.

Economic Ministry officials said yesterday that Government would take up contacts with other European countries and with the Commission, to try to agree on voluntary regulation within the steel industry before the October 22 deadline.

Between now and October 22, according to the Economics Ministry, the Government will have to decide whether article 235 "can be effectively implemented or whether the Government will apply for a further extension of the Council of Ministers."

Bonn is thus keeping open the option of the special Council of Ministers' meeting 50 per cent opposed by the other eight EEC members. The German Cabinet is to discuss the matter on Wednesday.

## Mobil finds extension to oil field

By David Lascelles in New York and Ray Dafter in London

MOBIL OIL has found an important extension to its oil field, off the Newfoundland coast.

The company, which is leading exploration activity in the area, said yesterday that the field contained an additional 40 feet of hydrocarbon-bearing rock. It had earlier said the reservoir rock was 350 feet thick.

Mobil's shares were temporarily suspended in New York as a result of the announcement. When trading was resumed the shares were \$76.1, up 75 cents.

Tests on the new appraisal well will begin next week. Oil analysts said the report appeared to confirm there was a great deal of oil in Hibernia.

Reserve figures are still unknown. However, Hibernia has so far proved to be the most encouraging discovery since exploration on the Grand Banks started in 1986. The discovery well, drilled 200 miles off the Newfoundland coast, flowed at rates in excess of 20,000 barrels a day, making it the most prolific well in Canada.

Mr. Harry Carlyle, senior vice-president (exploration) of Gulf Canada—one of the companies involved in Grand Banks exploration—said there was oil-bearing potential in the area to justify a production rate of up to 300,000 barrels a day by 1990. Such a flow rate would equal the production level of the biggest fields in the North Sea.

But oil analysts point out that the Hibernia discovery will have no significance for North American markets or for oil company earnings until the Canadian government settles the political tug-of-war between the provincial and federal governments over the control of offshore resources.

## Weather

### UK TODAY

SHOWERS becoming more frequent in East and North. Cold generally.

London, S. England, E. Anglia, the Midlands, Channel Isles: Scattered showers and bright intervals later. Wind moderate or fresh. Max. 12C (54F).

N. England, E. England: Fog patches clearing and occasional showers between bright intervals. Max. 11C (52F), 12C (54F).

Wales, W. England, Lakes: Scattered showers, especially over coasts and hills. North wind fresh or strong. Max. 12C (54F).

Scotland, N. Ireland: Showers, heavy in places and bright intervals. Wind mainly North, light but strong in West. Max. 10C (50F).

Outlook: Showers followed by rain and night frost.

### WORLDWIDE

		Y day	midday	Y day	midday
Accra	F 17	63	L 11	Pms.	8
Algiers	F 17	63	L 11	Pms.	8
Amman	F 17	63	L 11	Pms.	8
Antwerp	F 17	63	L 11	Pms.	8
Athens	F 17	63	L 11	Pms.	8
Bahra	F 17	63	L 11	Pms.	8
Batavia	F 17	63	L 11	Pms.	8
Bombay	F 17	63	L 11	Pms.	8
Buenos	F 17	63	L 11	Pms.	8
Calcutta	F 17	63	L 11	Pms.	8
Canton	F 17	63	L 11	Pms.	8
Cebu	F 17	63	L 11	Pms.	8
Colon	F 17	63	L 11	Pms.	8
Hankow	F 17	63	L 11	Pms.	8
Hong Kong	F 17	63	L 11	Pms.	8
Kobe	F 17	63	L 11	Pms.	8
London	F 17	63	L 11	Pms.	8
Lyons	F 17	63	L 11	Pms.	8
Manila	F 17	63	L 11	Pms.	8
Medan	F 17	63	L 11	Pms.	8
Meppen	F 17	63	L 11	Pms.	8
Moscow	F 17	63	L 11	Pms.	8
Mumbai	F 17	63	L 11	Pms.	8
Nairobi	F 17	63	L 11	Pms.	8
Rangoon	F 17	63	L 11	Pms.	8
Reykjavik	F 17	63	L 11	Pms.	8
Rome	F 17	63	L 11	Pms.	8
Singapore	F 17	63	L 11	Pms.	8
Sourabaya	F 17	63	L 11	Pms.	8
Taipei	F 17	63	L 11	Pms.	8
Tokyo	F 17	63	L 11	Pms.	8
Yokohama	F 17	63	L 11	Pms.	8

## Newalls Insulation sold to Cape

BY REG VAUGHAN

TURNER AND NEWALL, the hard pressed industrial group, has recently announced a 35 per cent fall in interim profits and a cut in dividend, is selling its loss-making insulation materials business to Cape Industries for a maximum of £13.5m cash.

The subsidiary is Newalls Insulation, one of the original members of the Turner and Newall group. To part finance the purchase Cape—controlled by Charter Consolidated—is raising £9.2m by way of a rights issue.

Turner and Newall, which earlier this year disposed of its Canadian asbestos interest, is engaged on a programme of debt reductions. It is selling the insulation subsidiary because it

no longer fits into the group's strategy. The sale proceeds compare with a book value of £11.24m. At the end of June, total group borrowings stood at about £120m and they are now currently a little below this figure.

Cape—which has the largest cavity wall insulation business in the UK—signalled a change of direction into the building and insulation field at the time of the sale of its two South African asbestos mines to Transvaal Consolidated Land in June, for £15.1m.

Since selling its mining division, the company's capital spending (excluding Newalls) has amounted to some £20m, with a significant part invested in the manufacture of insulation

Hit by depressed demand, Newalls Insulation—which employs 900 people—showed a loss of £86,000 in the first half of 1981 after charging £341,000 for redundancy costs.

This result followed a fall in profits from £1.5m to £350,000 in 1979, on a turnover of £17m (£14m).

In 1979, Cape showed a profit of £12m on a turnover of £136m from its building and insulation division. In the first half of the current year the profit was ahead from £5.3m to £6.5m.

Turner and Newall's pre-tax profits in the first half of 1980 fell from £18.5m to £12.2m—they were hit by redundancy payments of £5m and higher financing charges of £10.7m against £5.6m.

## Cadbury gives up TV battle

By Robin Pauley

MR. PETER CADBURY last night gave up his battle to be reinstated as chairman of the board of Westward Television.

Mr. Cadbury admitted defeat after a meeting with the Independent Broadcasting Authority last night, at which he and Lord Harris of Greenwich, who ousted him as chairman in July, put forward their plans for the company.

"I have come to the conclusion that a further upheaval will not be in the best interests of the company and I have adjourned a meeting planned for next Friday sine die," Mr. Cadbury said.

Mr. Cadbury had planned to persuade the shareholders of Westward to reinstate him at the meeting and sack Lord Harris and his supporters.

Lord Harris said last night: "I am delighted that there is now a real possibility of putting the recent painful dispute behind us."

The IBA, which has spent two days looking at the rival plans from the two men for the future of the company until its present franchise ends in December 1981, said: "We welcome the decision to continue the management of the company with the directors who were imposed in July."

## BSG International chairman resigns

BY CHRISTINE MOIR

MR. HARRY CRESSMAN, who over 30 years built up BSG International, the motor-distributor and component manufacturer, has parted company with the group after a major boardroom row. Mr. Cressman said yesterday: "I was sacked as chairman and chief executive at Wednesday's board meeting."

"I was strongly in favour of a major disposal of the car components side as a way of carrying out the de-gearing operation we announced at the year-end. Alternatively, I was not averse to a complete takeover of the group. The others were opposed to that."

Mr. Cressman said the board removed him from his executive positions because of a fundamental disagreement over the group's structure. The group was originally called Bristol Street Motors.

"I do not believe there is any future for car-component manufacturers like us," he said. "The big international car manufacturers are tending towards the 'world car', with components supplied from all over the world, chosen by a central buying department. We could not compete on that basis."

Mr. Cressman believed the company should concentrate on the retail motor business in its various facets, from commercial bodybuilding to hire purchase and daily car-hire.

In order to carry out that expansion, Mr. Cressman said he "would not have been averse to seeking an agreed takeover."

He still hoped his departure might trigger a bid. He said he is willing to talk to anyone interested in taking over BSG. "It would be in the best interests of the company and the shareholders," he said, confirming that he will retain his holding of 300,000 shares (just under a per cent of the equity).

The news of the dispute sent BSG's share price down 2½ to 13½p. This, Mr. Cressman said, was only a quarter of the asset value.

Mr. Cressman received undisclosed compensation for resigning his five-year director's contract. Details will be released in the annual report and accounts. Mr. Cressman said he would have preferred them to be disclosed immediately.

Firstfoot closes last factory, Page 3

Continued from Page 1

## Industrial action threat

by the Government would include aid from regional development grants and from the European Investment Bank. However, the company has already said this would not reverse the mill's losses.

The National Coal Board said yesterday that no special deal had been offered to Bowater.

## THE LEX COLUMN

### Two views of Debenhams

The key economic news of the week—Tuesday's monthly banking figures—turned out to be as good as anybody expected, but in a strange way left the gilt-edged market cold. The Government broker disposed of a fair slice of his 1988 tap stock, but his chances of selling the rest in time for next Wednesday's make-up day are remote. Yesterday he brought out a much shorter tap dated 1988, probably aimed at the now much more liquid building societies.

Equities, too, have been adversely affected by the continuing failure of a cut in MLR to materialise. And there has been a further stream of distressing industrial news to unnerve investors.

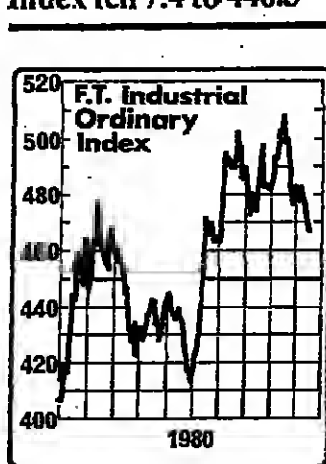
### Debenhams

For eight years now the Debenhams share has been falling relatively to the All-Share Index and to the Stores sector of the equity market. It has been possible to recommend buying the shares for recovery for such an indefinitely long time that the very notion is in danger of being discredited. But brokers Hedderwick Stirling Grumbar have chosen this moment—just ahead of the group's interim figures next Thursday—to recommend their clients to buy.

Hedderwick's argument rests on the view that the management is at last putting its house in order, and adopting policies that give it a reasonable chance of survival. The sale of the loss-making "satellite" businesses, the attempts to improve the merchandising in central buying for the department stores, the overhaul of distribution systems and the expansion of the shop-in-shop idea—intended to cut costs while bringing in new customers—are the cornerstones of the present campaign. Merchandising is crucial: more shoppers have recently been going through Debenhams stores, but they have been spending less in real terms than in 1974.

Debenhams has been so poorly profitable that the fruits of even modest success could be spectacular: Hedderwick's forecast of trading profit less interest reaching £23m by 1981—twice last year's level—assumes a net margin of less than half the retail average and a return of less than 8 per cent on capital employed. The other spot of the brokers' recommendation is that Debenhams has reached its ninth life—its last chance to succeed in its present form. If the recovery fails, the brokers argue, the pressure for the asset backing, after the sale of its Selection

Index fell 7.4 to 446.3



Trust stake to BP. So the purchase of Newalls Insulation from T and N by Cape, partly financed by a Cape Rights issue, has the sensible effect that the £6.3m of cash moves out of Charter, is topped up by other shareholders and by Cape itself, and turns into £13.5m in the hands of T and N. This will chip away further at T and N's indebtedness, which has already eased a little from the £100m reported for end-June, and will trim 3 percentage points off T and N's debt-equity ratio.

Cape could have financed the deal entirely through borrowings, but its debt ahead of the transaction was some £21m and it has wished to keep its balance sheet strong enough to allow it to contemplate other expansion opportunities should they arise. It is paying £2m more than book value for the Newalls Insulation assets and at present the business only appears to be breaking even, but Cape claims that it will make profits out of it next year, when it will be a clear number two to the dominant Pilkington in the insulation market.

For T and N the loss of a business which, only recently had seemed to have substantial growth possibilities, argues that insulation was a "strategic" in the sense that there have been few links with other parts of the group, which it has no international presence as in motor components or asbestos-based building materials. But it is a great pity that PVC plants are not just as saleable.

### Lesney

The extent of Lesney's difficulties is evident in a £1m interim loss (including a £1m stock writedown), compared with losses of £3.6m pre-tax in the year to January. The company has been hacking away at its working capital, which has limited the rise in its debt; for the moment, selling prices and output have stabilised, but Christmas orders are by no means special and there will be further losses in the second half.

So Lesney is working through its net book worth, which may be barely £30m by the year end, with debt roughly 1.5 times this figure, and its future is squarely in the hands of its bankers. The best the group can look forward to is to break even some time in 1981, while if demand falls further, more stock write-downs and a rising spiral of debt may be inevitable. With the shares at 18p, down 3p yesterday, the market capitalisation is £5m.

## ARBUTHNOT GOVERNMENT SECURITIES TRUST LIMITED

### Investment Portfolio of Gilts

Directors Optimistic Statement on 21st July, 1980  
Funds now exceed £17 million.

"The Directors take a most optimistic view of the prospects for Gilt Edged Securities and believe following the reduction of 1% in Minimum Lending Rate this trend will continue and will result in the shares of your company appreciating from their present level."

### Dividend

The Directors have declared a fourth interim dividend of 3.19p per share, making a total of 12.75p for the year ended 31st July, 1980. The Capital and Income shares were quoted ex-dividend on 1st August, 1980 and the dividend will be payable on 15th October, 1980. They would also expect to maintain this dividend rate for the current year ending 31st July, 1981.

# 14.34%

Estimated Gross Dividend Yield (at the last offer price of 89.0p x d\*)

\*Validated as at 24 October 1980  
The Income shareholders receive gross dividends in cash (except for Jersey residents) paid quarterly, and the Capital shareholders a scrip issue of equal value. Capital shares may not be held by residents of the United Kingdom or Jersey. The Income and Capital shares are listed on The Stock Exchange, London. Daily valuation and dealing until Monday 18th May 1981.

Allen Harvey & Ross Investment Management Limited act as investment advisers.

To: Sir David Scott-Barrett, K.B.E., M.C., Arbuthnot Securities Limited, 37 Queen Street, London EC4N 3JF. Tel: 01-236 5221 Ext. 361.

Please send me a copy of the company's prospectus (on the terms of which alone application for shares will be considered) together with the latest accounts.

Name \_\_\_\_\_ Address \_\_\_\_\_

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